

CIRCULAR DATED 7 DECEMBER 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.



3Cenergy Limited
(Company Registration Number: 197300314D)
(Incorporated in the Republic of Singapore)

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

BEFORE MAKING ANY INVESTMENT IN THE SECURITIES BEING OFFERED, YOU SHOULD CONSIDER THE INFORMATION PROVIDED IN THIS DOCUMENT CAREFULLY, AND CONSIDER WHETHER YOU UNDERSTAND WHAT IS DESCRIBED IN THIS DOCUMENT. YOU SHOULD ALSO CONSIDER WHETHER AN INVESTMENT IN THE SECURITIES BEING OFFERED IS SUITABLE FOR YOU, TAKING INTO ACCOUNT YOUR INVESTMENT OBJECTIVES AND RISK APPETITE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

If you have sold or transferred all your ordinary shares (the "Shares") in the capital of 3Cenergy Limited (the "Company") held through The Central Depository (Pte) Limited (the "CDP"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of EGM and the accompanying Proxy Form to the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

An application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission for the listing of and quotation for the Company Placement Shares, the Consolidated Shares, the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares on the Catalist board of the SGX-ST ("Catalist"). The listing and quotation notice for the Company Placement Shares, the Consolidated Shares, the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Target Group, the Enlarged Group, the Shares, the Company Placement Shares, the Consolidated Shares, the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares.

A copy of this Circular has been lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (the "Authority" or "MAS") on 7 December 2023. Neither the Authority nor the SGX-ST has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness or accuracy of any of the statements made, reports contained, or opinions expressed. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the Enlarged Group is suitable to be listed on the Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares, the Company Placement Shares, the Consolidated Shares, the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares. The lodgement of this Circular with the SGX-ST does not imply that the Securities and Futures Act 2001 of Singapore (the "SFA"), or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.

The Company is a sponsored company listed on Catalist and may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Financial Adviser", the "Sponsor" or "PPCF"). It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

YOUR ATTENTION IS DRAWN TO SECTION 17 OF THIS CIRCULAR TITLED "RISK FACTORS" WHICH HIGHLIGHTS CERTAIN MATERIAL RISKS RELATING TO THE TARGET GROUP, ITS BUSINESS AND INDUSTRY AND OWNERSHIP OF THE SHARES FOLLOWING CLOSING. SHAREHOLDERS ARE ADVISED TO TAKE THESE FACTORS INTO CONSIDERATION WHEN DECIDING ON THE PROPOSED TRANSACTIONS.

IF ANY OF THE RISKS SET OUT IN THE SECTION ABOVE DEVELOPS INTO AN ACTUAL EVENT, THE ENLARGED GROUP'S BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS COULD BE MATERIALLY AND ADVERSELY AFFECTED. IN SUCH CASES, THE TRADING PRICE OF THE SHARES COULD DECLINE AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT.

IN ADDITION, YOUR ATTENTION IS DRAWN TO SECTION 4.1 OF THIS CIRCULAR ENTITLED "DETAILS OF THE PROPOSED SHARE CONSOLIDATION" WHICH HIGHLIGHTS THE PROPOSED SHARE CONSOLIDATION RATIO. IN PARTICULAR, SHAREHOLDERS SHOULD NOTE THAT UNDER THE PROPOSED SHARE CONSOLIDATION, THE COMPANY IS PROPOSING TO CONSOLIDATE EVERY ONE HUNDRED (100) EXISTING SHARES INTO ONE (1) CONSOLIDATED SHARE. SHAREHOLDERS ARE ADVISED TO TAKE THIS SHARE CONSOLIDATION RATIO INTO CONSIDERATION WHEN DECIDING ON THE PROPOSED TRANSACTIONS.

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (1) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF DTP INFINITIES LIMITED;
- (2) THE PROPOSED SHARE CONSOLIDATION OF EVERY ONE HUNDRED (100) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE;
- (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES;
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF CONVERSION SHARES;
- (5) THE PROPOSED ALLOTMENT AND ISSUANCE OF PCL LOAN CONVERSION SHARES;
- (6) THE PROPOSED ALLOTMENT AND ISSUANCE OF PPCF SHARES;
- (7) THE PROPOSED DISPOSAL;
- (8) THE PROPOSED COMPLIANCE PLACEMENT;
- (9) THE APPOINTMENT OF MR. BUNYONG VISATEMONGKOLCHAI AS A DIRECTOR TO THE PROPOSED NEW BOARD;
- (10) THE APPOINTMENT OF MR. HANSA SUSAYAN AS A DIRECTOR TO THE PROPOSED NEW BOARD;
- (11) THE APPOINTMENT OF MR. IQBAL JUMABHOY AS A DIRECTOR TO THE PROPOSED NEW BOARD;
- (12) THE APPOINTMENT OF MRS. SASINAN ALLMAND AS A DIRECTOR TO THE PROPOSED NEW BOARD;
- (13) THE APPOINTMENT OF MR. LEE KWAI SENG AS A DIRECTOR TO THE PROPOSED NEW BOARD;
- (14) THE APPOINTMENT OF MR. CHRISTOPHER TANG KOK KAI AS A DIRECTOR TO THE PROPOSED NEW BOARD;
- (15) THE APPOINTMENT OF MR. CHIEW CHUN WEE AS A DIRECTOR TO THE PROPOSED NEW BOARD;
- (16) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A GENERAL OFFER FROM THE SELLER AND PARTIES ACTING IN CONCERT WITH IT;
- (17) THE PROPOSED CHANGE OF CORE BUSINESS;
- (18) THE PROPOSED NEW SHARE ISSUE MANDATE; AND
- (19) THE PROPOSED CHANGE OF AUDITORS.

Sponsor and Financial Adviser to the Company



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Company Registration Number: 200207389D)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser to the Existing Directors in respect of the Proposed Whitewash Resolution



XANDAR CAPITAL PTE. LTD.
(Company Registration Number: 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATE AND TIMES









Last date and time for lodgement of Proxy Form	23 December 2023 at 11.00 a.m.
Date and time of Extraordinary General Meeting	26 December 2023 at 11.00 a.m.
Place of Extraordinary General Meeting	Training Room 801, Level 8, NTUC Business Centre, One Marina Boulevard, Singapore 018989

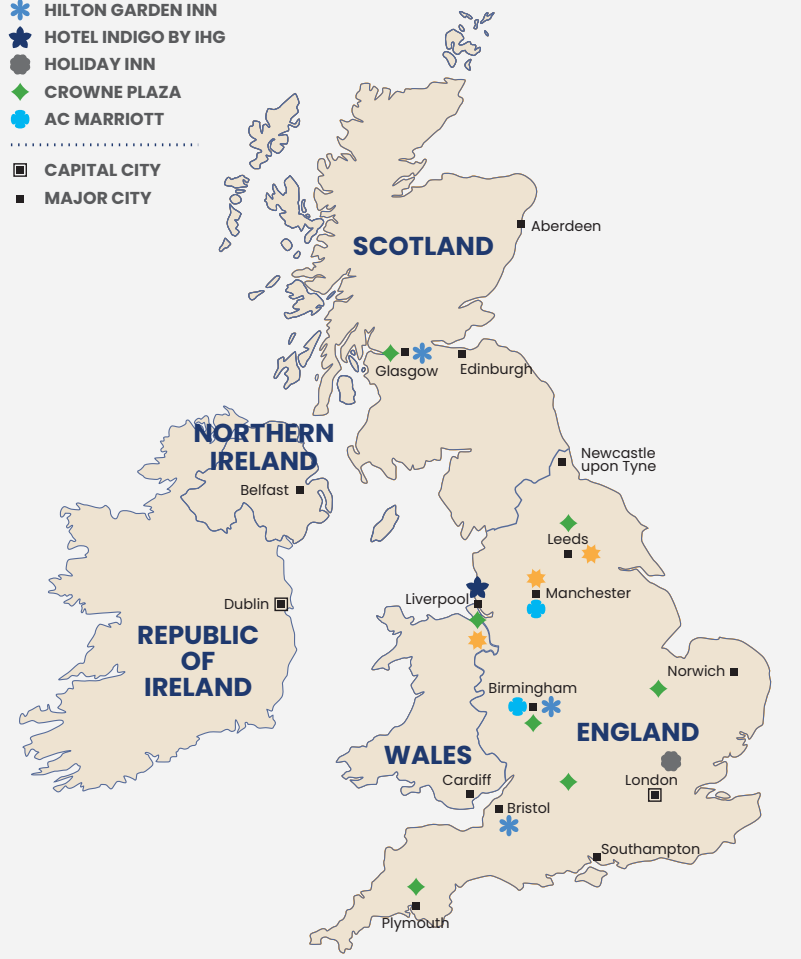
BUSINESS OVERVIEW

With a core business focus which comprises investing in and managing the operations of hospitality and lodging-related business, the Target Group owns a portfolio of 17 predominantly upscale hotels located in key regional cities in the United Kingdom, offering a total of 3,383 keys. The 17 hotels in the portfolio are managed by Valor Hospitality Europe Limited and are operated under franchise agreements with IHG, Hilton and Marriott.

The Target Group owns (through freehold and/or leasehold interests, as the case may be) all of the Hospitality Assets, comprising land and the buildings thereon. Two (2) of the Hospitality Assets are located in Scotland and the remainder in England. The enterprise value of the Target Group (before any deductions for net debt) is £601,457,000 as at 30 June 2023, based on the Updated Valuation Report.

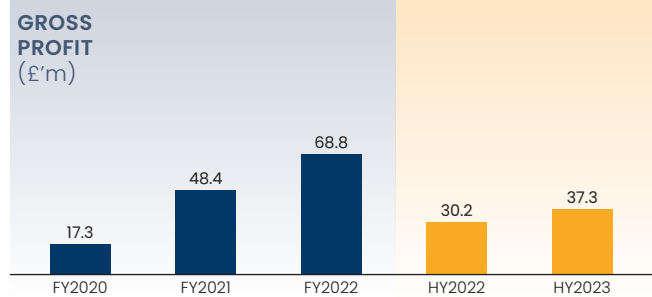
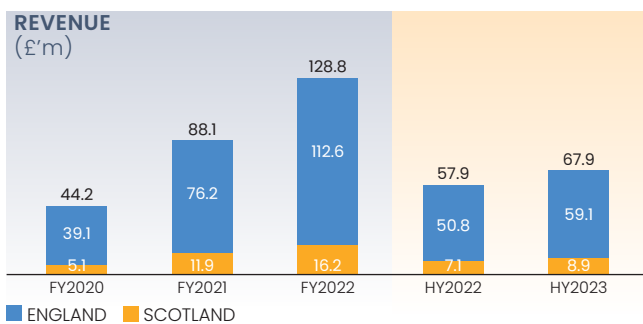
PROPERTIES IN THE UNITED KINGDOM

-  DOUBLETREE BY HILTON
-  HILTON GARDEN INN
-  HOTEL INDIGO BY IHG
-  HOLIDAY INN
-  CROWNE PLAZA
-  AC MARRIOTT
-  CAPITAL CITY
-  MAJOR CITY

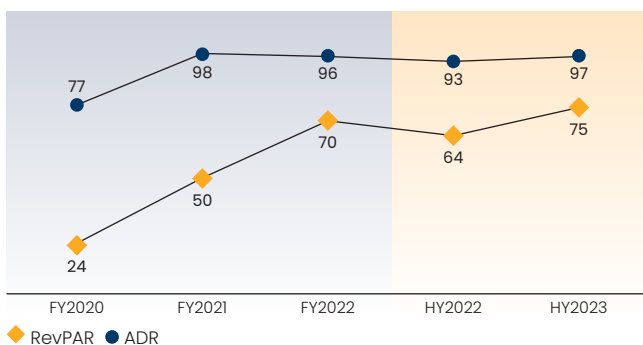


FINANCIAL HIGHLIGHTS

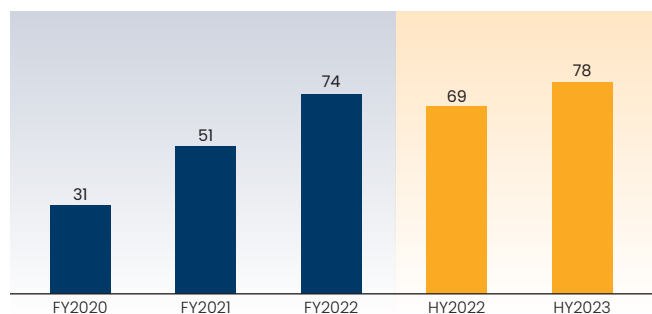
INCOME STATEMENT



ADR, REVPAR (£)



OCCUPANCY RATE (%)





INVESTMENT FOCUS

In evaluating future acquisition opportunities, the Target Group will focus primarily on the following investment criteria in relation to hospitality or lodging-related assets under consideration:

(a) Location

- Assess the location of each hospitality or lodging-related asset and its potential based on the market.
- Evaluate potential acquisition targets for micro-market location and convenient access to major roads, public transportation and major convention centres or entertainment venues.

(b) Value-adding opportunities

- Seek to acquire hospitality or lodging-related assets with opportunities to increase occupancy rates and enhance value through proactive management.
- Assess the potential to add value through selective renovation or other types of asset enhancement initiatives.

(c) Building and facilities specification

- Conduct thorough property due diligence and adhere strictly to the relevant quality specifications, with due consideration given to the size and age of the buildings.
- Acquire hospitality or lodging-related assets with good quality specifications (i.e. those which are in line with relevant industry building and construction standards) and which are in compliance with the relevant building and zoning regulations, including energy conservation, health and safety regulations.

(d) Sustainable Innovation

- Belief in a long-term value-added investment strategy that focuses on innovation and adheres to Environmental, Social, and Governance (“ESG”) principles. Although the rapid growth of ESG investment funds in recent years has raised concerns about the authenticity and transparency of companies’ ESG policies and investments, the Target Group remains committed to its utilisation of ESG benchmarks to evaluate its potential investments.
- In view of the growing trend of mutual funds, brokerage firms, and advisers offering investment products that employ ESG principles, the Target Group expects that its business and funding opportunities will continue to grow.

COMPETITIVE STRENGTHS

17 strong performing hotels across the United Kingdom and managed by a best-in-class hotel operator with a proven track record of superior performance

- Portfolio of 17 Hospitality Assets offering a total of 3,383 keys and is well represented geographically across the United Kingdom in key regional cities and strong secondary markets.
- Hospitality Assets are operated under franchise agreements with renowned international hotel brands (IHG, Hilton and Marriott).
- Valor, one of the leading hotel operators globally experienced in managing international and multi-brand hotel portfolios, provides asset management and strategic, management and operational services and project management services in respect of the portfolio of Hospitality Assets.

The Target Group has been financially resilient during COVID-19

- The Target Group has been financially resilient even during the economic downturn caused by unprecedented pandemic.
- During the COVID-19 lockdown, the Target Group continued to make its obligatory payments on a timely basis.

Highly experienced and competent management team

- Management team that possesses deep industry experience and key business relationships globally.
- Supported by Valor and an experienced and dedicated finance team, our competent management team will leverage on their extensive experience to drive the future growth of the Target Group.

Well-positioned for monetisation post transformational capital expenditure

- The Target Group has undertaken various capital expenditure projects to increase the operational efficiency and value of the Hospitality Assets.
- The various capital expenditure projects are expected to improve profitability and positioning for monetisation, and generate cost savings.

Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment

- The Target Group is working on projects relating to room additions to six (6) existing Hospitality Assets, enhancement of the spa facilities and bedroom refurbishment.

Access to DTGO Group’s global network for high-performing assets with value enhancement opportunities

- The Target Group will be able to access further pipeline investment opportunities that may be made available by the DTGO Group.
- The DTGO Group has a strong track record and business operations across several commercial sectors and access to the DTGO Group ecosystem is expected to provide the Target Group with significant opportunities for growth.



PROSPECTS

Recovery of tourism post-COVID

- The global hotel industry is on track for a full recovery with re-emergence of international travel and opportunities. The hotel market's performance has witnessed a significant recovery in 2022 and year-to-date 2023, owing to the resurgence of travel and tourism in the United Kingdom after the COVID-19 pandemic.
- According to benchmarking provider STR Global, the United Kingdom regions have experienced a substantial 44 per cent. increase in RevPAR in year-to-April 2023 compared to the same period in the previous year. This growth can be attributed to a 23 per cent. rise in occupancy rates and an 18 per cent. increase in the average room rate.

Growing market in key regional cities

- The cities in which the Target Group operates benefit from both leisure and business segments and have seen strong growth over recent years owing to international travel restrictions.
- According to global commercial real estate company Avison Young (UK) Limited⁽¹⁾, there are projected to be 76 new hotel openings in 2023 across the ten (10) specified cities in the United Kingdom. These openings will bring a total of 9,781 bedrooms to the market, out of which eight (8) hotels with 944 bedrooms have already commenced operations year-to-date 2023.

FUTURE PLANS

Asset enhancement and active asset management

- Refurbish selected properties in a staged manner aimed at maintaining and improving the customer experience and marketability of the properties to improve RevPAR performance.
- Identify opportunities that provide positive return on investment to generate additional profits and provide incremental value to its shareholders.

Portfolio expansion

- Acquire new hospitality and lodging-related assets from third parties, as well as through leveraging its extensive network within the DTGO Group.
- Diversify into new businesses with potential for rapid growth, with a strong emphasis on green initiatives.
- Exploring opportunities to unlock value through avenues such as REIT, trade sales or leveraging tokenisation to maximise returns from assets.



(1) Source: Avison Young (UK) Limited, UK hotel market overview, May 2023. Avison Young (UK) Limited has not consented to the inclusion of the extracted information below in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed New Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, none of the Proposed New Board, the Existing Directors, the Target Company, the Company and the Sponsor and Financial Adviser has independently verified the accuracy of the contents of the relevant information.

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CORPORATE INFORMATION

EXISTING BOARD OF DIRECTORS	:	Mr. Ong Pai Koo @ Sylvester (<i>Independent Non-Executive Chairman</i>) Ms. Lai Ven Li (<i>Lead Independent Director</i>) Ms. Au Foong Yee (<i>Non-Independent Non-Executive Director</i>)
PROPOSED NEW BOARD UPON CLOSING	:	Mr. Bunyong Visatemongkolchai (<i>Independent Director and Chairman of the Proposed New Board</i>) Mr. Hansa Susayan (<i>Vice Chairman and Non-Executive Director</i>) Mr. Iqbal Jumabhoy (<i>Chief Executive Officer and Executive Director</i>) Mrs. Sasinan Allmand (<i>Non-Executive Director</i>) Mr. Lee Kwai Seng (<i>Non-Executive Director</i>) Mr. Christopher Tang Kok Kai (<i>Independent Director</i>) Mr. Chiew Chun Wee (<i>Independent Director</i>)
COMPANY SECRETARY	:	Ms. Cheok Hui Yee (associate member and a practising chartered secretary of the Chartered Secretaries Institute of Singapore)
REGISTERED OFFICE OF THE COMPANY	:	82 Ubi Avenue 4 #05-04 Edward Boustead Centre Singapore 408832
SHARE REGISTRAR	:	Tricor Barbinder Share Registration Services 9 Raffles Place #26-01 Republic Plaza, Tower I Singapore 048619
SPONSOR AND FINANCIAL ADVISER TO THE COMPANY	:	PrimePartners Corporate Finance Pte. Ltd. 16 Collyer Quay #10-00 Collyer Quay Centre Singapore 049318
AUDITORS TO THE COMPANY	:	Mazars LLP 135 Cecil Street #10-01 Singapore 069536 Partner-in-charge: Mr. Wong Zi En (a member of the Institute of Singapore Chartered Accountants)

CORPORATE INFORMATION

INDEPENDENT AUDITORS TO THE TARGET GROUP AND REPORTING ACCOUNTANTS TO THE ENLARGED GROUP	: KPMG LLP 12 Marina View #15-01 Asia Square Tower 2 Singapore 018961 Partner-in-charge: Ms. Tan Kar Yee, Linda (a member of the Institute of Singapore Chartered Accountants)
INTERNAL CONTROLS REVIEWER TO THE TARGET GROUP	: BDO Advisory Pte. Ltd. 600 North Bridge Road #23-01 Parkview Square Singapore 188778 Partner-in-charge: Mr. Willy Leow (Chartered Accountant (Singapore), Certified Internal Auditor, Certified Information System Auditor, Certification in Risk Management Assurance, Practising Management Consultant)
LEGAL ADVISER TO THE COMPANY AS TO SINGAPORE LAW IN RELATION TO THE PROPOSED ACQUISITION	: Donaldson & Burkinshaw LLP 50 Raffles Place #14-01 Singapore Land Tower Singapore 048623
LEGAL ADVISER TO THE SELLER AND THE TARGET COMPANY AS TO SINGAPORE LAW	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
LEGAL ADVISER TO THE SPONSOR AND FINANCIAL ADVISER AS TO SINGAPORE LAW	: Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
LEGAL ADVISERS TO THE SELLER AND TARGET COMPANY AS TO ENGLISH LAW EXCEPT IN RELATION TO FACILITY AGREEMENTS	: CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street London EC4N 6AF United Kingdom
LEGAL ADVISERS TO THE SELLER AND TARGET COMPANY AS TO ENGLISH LAW IN RELATION TO FACILITY AGREEMENTS	: Herbert Smith Freehills LLP Exchange House, Primrose Street London EC2A 2EG United Kingdom

CORPORATE INFORMATION

LEGAL ADVISER TO THE SELLER AND TARGET COMPANY AS TO CAYMAN LAW	:	Maples and Calder 11th Floor, 200 Aldersgate Street London EC1A 4HD United Kingdom
LEGAL ADVISER TO THE SELLER AND TARGET COMPANY AS TO JERSEY LAW	:	Mourant Ozannes (Jersey) LLP 22 Grenville Street St Helier Jersey JE4 8PX Channel Islands
INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02 Shenton House Singapore 068805
INDEPENDENT BUSINESS VALUER	:	SG&R Singapore Pte. Ltd. (with trading name "HVS") 137 Market Street #04-02 Grace Global Raffles Singapore 048943
PRINCIPAL BANKERS OF THE TARGET	:	Standard Chartered Bank 1 Basinghall Avenue London, EC2V 5DD United Kingdom Barclays Bank PLC 1 Churchill Place London, E14 5HP United Kingdom Citibank Europe PLC 1 North Wall Quay Dublin 1, Ireland

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

COMPANIES, ORGANISATIONS, PERSONS AND OTHER ENTITIES

<i>“3C Marina”</i>	:	3C Marina Park Sdn Bhd (formerly known as Liberty Bridge Sdn Bhd)
<i>“3CPC”</i>	:	3C Property Consultants Pte. Ltd. (formerly known as Paxel Design Pte. Ltd.)
<i>“ACRA”</i>	:	Accounting and Corporate Regulatory Authority of Singapore
<i>“Acting Group Chief Executive Officer cum Group Financial Controller”</i>	:	Mr. Leow Soon Hoe
<i>“Audit Committee”</i>	:	The audit committee of the Company, for the time being
<i>“Auditors”</i>	:	The external auditors of the Company, from time to time
<i>“Authority” or “MAS”</i>	:	The Monetary Authority of Singapore
<i>“CAD”</i>	:	Commercial Affairs Department
<i>“CBRE”</i>	:	CBRE Loan Services Limited
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Limited
<i>“CMS”</i>	:	CMS Cameron McKenna Nabarro Olswang LLP
<i>“Company”</i>	:	3Cnergy Limited
<i>“CPF”</i>	:	The Central Provident Fund
<i>“Directors”</i>	:	Directors of the Company, from time to time
<i>“DT Group”</i>	:	DT Group of Companies Corporation Limited
<i>“DTGO Corporation”</i>	:	DTGO Corporation Limited
<i>“DTGO Group”</i>	:	DTGO Corporation and its subsidiaries
<i>“DTP”</i>	:	DTGO Prosperous Limited, an entity within the Seller’s Group
<i>“DTP Hospitality”</i>	:	DTP Hospitality Ltd.

DEFINITIONS

<i>“DTP Inter Holdings” or “Seller”</i>	:	DTP Inter Holdings Corporation Pte. Ltd., with the registered address of 1 Raffles Place, #28-02, One Raffles Place, Singapore 048616
<i>“DTP Regional Hospitality”</i>	:	DTP Regional Hospitality Group Limited
<i>“DTPH UK”</i>	:	DTP Hospitality UK Limited
<i>“DTPHREIT”</i>	:	Has the meaning ascribed to it in Section 14.3 of the Target’s Letter to Shareholders
<i>“Enlarged Group”</i>	:	The enlarged group of companies comprising the Company and the Target Group
<i>“Existing Controlling Shareholders”</i>	:	Has the meaning ascribed to it in Section 14.1.2(a) of this Circular
<i>“Existing Directors”</i>	:	The Directors as at the Latest Practicable Date, comprising Mr. Ong Pai Koo @ Sylvester, Ms. Lai Ven Li and Ms. Au Foong Yee
<i>“Financial Adviser” or “Sponsor” or “Sponsor and Financial Adviser” or “PPCF”</i>	:	PrimePartners Corporate Finance Pte. Ltd.
<i>“Franchisee”</i>	:	A Hilton Franchisee, an IHG Franchisee or a Marriott Franchisee, as the case may be
<i>“Franchisors” and each a “Franchisor”</i>	:	Has the meaning ascribed to it in Section 2 of the Target’s Letter to Shareholders
<i>“Group”</i>	:	The Company and its subsidiaries, and the term <i>“Group Company”</i> shall mean any one of them, and <i>“Group Companies”</i> shall be construed accordingly. For the avoidance of doubt, the terms <i>“Group”</i> , <i>“Group Company”</i> , and/or <i>“Group Companies”</i> shall exclude any Target Group Companies
<i>“HDB”</i>	:	Housing and Development Board
<i>“HPS”</i>	:	Hastor Property Services Pte. Ltd.
<i>“HSRI”</i>	:	HSR International Realtors Pte. Ltd.
<i>“IFA” or “Independent Financial Adviser”</i>	:	The independent financial adviser to the Recommending Directors in respect of the Proposed Whitewash Resolution, being Xandar Capital Pte. Ltd.
<i>“Independent Business Valuer” or “HVS”</i>	:	SG&R Singapore Pte. Ltd. (with the trading name of “HVS”)

DEFINITIONS

<i>“Independent Directors”</i>	:	The independent Directors, from time to time
<i>“Independent Shareholders”</i>	:	Shareholders who are considered independent under the Code for the purpose of the Proposed Whitewash Resolution
<i>“Internal Controls Reviewer”</i>	:	BDO Advisory Pte. Ltd.
<i>“Key Management Personnel”</i>	:	Has the meaning ascribed to it in Section 12.3 of the Target’s Letter to Shareholders
<i>“Lenders”</i>	:	The Senior Lender and the Mezzanine Lenders
<i>“Magenta” or the “Senior Lender”</i>	:	Magenta 2020 plc.
<i>“Mezzanine Lenders”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Mezzanine Obligor”</i>	:	The following Target Group Companies: <ol style="list-style-type: none">1. DTP Hospitality;2. DTP Regional Hospitality;3. DTP Holdco Limited;4. DTP Subholdco Limited;5. DTP Hospitality UK Limited;6. DTP Finance Number 1 Limited;7. Chester International Hotel Limited;8. Five Star Inns Limited;9. DTP Hoole Chester Limited;10. Hoole Hall Country Club Limited;11. The Harrogate International Hotel Limited;12. Echo Hotel Limited;13. The Solihull Hotel Company Limited;14. DTP Property Trustee 1 Limited;15. DTP Property Trustee 2 Limited;16. DTP Acquisition 1 Limited;17. DTP Acquisition 2 Limited;18. DTP Acquisition 2 Salford Limited;19. Lanos (Salford Quays) Limited;20. DTP Acquisition 2 Mailbox (UK) Limited;21. DTP Acquisition 1 Manchester Limited;22. DTP Acquisition 1 Leeds Limited;23. DTP Acquisition 1 Glasgow Limited;24. DTP Acquisition 1 Birmingham Limited;25. DTP Acquisition 1 Bristol Limited;26. Chapel Street Hotel Limited;27. Chapel Street Services Limited;28. Chapel Street Food and Beverage Limited;29. DTP Employees and Services Limited; and30. DTP Employees and Services 2 Limited

DEFINITIONS

<i>“MQDC”</i>	:	Magnolia Quality Development Corporation Limited
<i>“Ms. Chai”</i>	:	Ms. Stella Chai Lu Ming
<i>“Ms. Low”</i>	:	Ms. Annie Low (Liu Anni)
<i>“New Audit Committee”</i>	:	The new Audit Committee of the Company upon Closing
<i>“New Nominating Committee”</i>	:	The new Nominating Committee of the Company upon Closing
<i>“New Remuneration Committee”</i>	:	The new Remuneration Committee of the Company upon Closing
<i>“Nominating Committee”</i>	:	The nominating committee of the Company, from time to time
<i>“Non-Executive Directors”</i>	:	The non-executive Directors of the Company, from time to time
<i>“Noteholder”</i>	:	Holders of Notes of any class
<i>“Obligors”</i>	:	In relation to the Senior Facility Agreement, the Senior Obligors, and in relation to the Mezzanine Facility Agreement, the Mezzanine Obligors
<i>“OSSB”</i>	:	Orientis Solutions Sdn Bhd
<i>“Phileo Capital”</i>	:	Phileo Capital Limited, a controlling shareholder of the Company as at the date of this Circular
<i>“Placement Agent”</i>	:	Has the meaning ascribed to it in Section 7.2 of this Circular
<i>“Proposed New Board”</i>	:	The proposed new board of directors of the Company upon Closing, being Mr. Bunyong Visatemongkolchai, Mr. Hansa Susayan, Mr. Iqbal Jumabhoy, Mrs. Sasinan Allmand, Mr. Lee Kwai Seng, Mr. Christopher Tang Kok Kai and Mr. Chiew Chun Wee
<i>“Proposed New Executive Officers”</i>	:	The proposed new executive officers of the Company upon Closing, being Mr. Iqbal Jumabhoy, Ms. Vanida Traitodsaporn and Mr. Surawat Suwanyangyuen
<i>“Recommending Directors”</i>	:	Existing Directors, all of whom are independent for the purpose of the Proposed Whitewash Resolution
<i>“Relevant DTGO Entity”</i>	:	Has the meaning ascribed to it in Section 14.3 of the Target’s Letter to Shareholders

DEFINITIONS

<i>“Remuneration Committee”</i>	:	The remuneration committee of the Company for the time being
<i>“Seller”</i>	:	DTP Inter Holdings Corporation Pte. Ltd.
<i>“Seller’s Group”</i>	:	The Seller and its related corporations, from time to time
<i>“Senior Loan Seller”</i>	:	Goldman Sachs Bank USA
<i>“Senior Obligors”</i>	:	The following Target Group Companies: <ol style="list-style-type: none">1. DTP Holdco Limited;2. DTP Subholdco Limited;3. DTP Hospitality UK Limited;4. DTP Finance Number 1 Limited;5. Chester International Hotel Limited;6. Five Star Inns Limited;7. DTP Hoole Chester Limited;8. Hoole Hall Country Club Limited;9. The Harrogate International Hotel Limited;10. Echo Hotel Limited;11. The Solihull Hotel Company Limited;12. DTP Property Trustee 1 Limited;13. DTP Property Trustee 2 Limited;14. DTP Acquisition 1 Limited;15. DTP Acquisition 2 Limited;16. DTP Acquisition 2 Salford Limited;17. Lanos (Salford Quays) Limited;18. DTP Acquisition 2 Mailbox (UK) Limited;19. DTP Acquisition 1 Manchester Limited;20. DTP Acquisition 1 Leeds Limited;21. DTP Acquisition 1 Glasgow Limited;22. DTP Acquisition 1 Birmingham Limited;23. DTP Acquisition 1 Bristol Limited;24. Chapel Street Hotel Limited;25. Chapel Street Services Limited;26. Chapel Street Food and Beverage Limited;27. DTP Employees and Services Limited; and28. DTP Employees and Services 2 Limited
<i>“Servicer”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Tricor Barbinder Share Registration Services
<i>“SIC”</i>	:	Securities Industry Council
<i>“Tan Sri Tong”</i>	:	Tan Sri Tong Kooi Ong

DEFINITIONS

<i>“Target” or “Target Company”</i>	:	DTP Infinities Limited
<i>“Target Group”</i>	:	The Target Group Companies, taken as a whole
<i>“Target Group Companies”</i>	:	The Target and its subsidiaries (which, for the avoidance of doubt, excludes DTP Management Limited and Valor and their respective subsidiaries and other downstream interests) and <i>“Target Group Company”</i> means any one of them
<i>“TMF Trustees”</i>	:	TMF Trustees Singapore Limited
<i>“UBO”</i>	:	Mrs. Thippaporn Ahriyavraromp
<i>“Valor”</i>	:	Valor Hospitality Europe Limited
<i>“Valor Group”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“VHP”</i>	:	Valor Hospitality Partners LLC

GENERAL

<i>“1H”</i>	:	6-month financial period ended 30 June
<i>“2019 Transaction”</i>	:	Has the meaning ascribed to it in Section 4.1 of the Target’s Letter to Shareholders
<i>“3CPC Consideration”</i>	:	Has the meaning ascribed to it in Section 6.2.1(a) of this Circular
<i>“3CPC Shares”</i>	:	Has the meaning ascribed to it in Section 6.2.1(a) of this Circular
<i>“Accommodation”</i>	:	Has the meaning ascribed to it in Section 8.2(a) of the Target’s Letter to Shareholders
<i>“Actual Consideration”</i>	:	Has the meaning ascribed to it in Section 3.5.2(a) of this Circular
<i>“Additional Capitalisation”</i>	:	The additional capitalisation of the Target Company by the Seller, by way of (a) capitalisation into equity of existing shareholder loan(s) extended by the Seller to the Target Company and/or (b) additional cash injection(s) into the Target Company to subscribe for equity, which shall be in an aggregate amount of no less than S\$268,768,000 (being approximately £160,000,000, as translated at the Exchange Rate)

DEFINITIONS

<i>“Additional DTP Inter Holdings Loan”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“Additional Information”</i>	:	Has the meaning ascribed to it in Section 3.5.6(c) of this Circular
<i>“Adjustment Threshold”</i>	:	Has the meaning ascribed to it in Section 3.5.2(b)(i) of this Circular
<i>“Aggregate Loans Capitalisation”</i>	:	The Existing Shareholder Loans Capitalisation and the Subsequent Additional Capitalisation
<i>“AGM”</i>	:	An annual general meeting of the Company
<i>“Agreed Costs”</i>	:	Has the meaning ascribed to it in Section 3.1(a) of this Circular
<i>“Agreed Costs II”</i>	:	Has the meaning ascribed to it in Section 3.1(b) of this Circular
<i>“Announcement”</i>	:	The SGXNet announcement made by the Company on 12 June 2023 regarding the Proposed Acquisition
<i>“Applicable Financial Statements”</i>	:	Has the meaning ascribed to it in Section 14.1.2(b)(A) of this Circular
<i>“Assigned Dees Supreme Loan”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“Availability Period”</i>	:	Has the meaning ascribed to it in Section 3.5.4(b) of this Circular
<i>“Base Fee”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Bedroom Refurbishment”</i>	:	The refurbishment of bedrooms at Crowne Plaza Chester, which is further described in Section 5.2 of the Target’s Letter to Shareholders
<i>“Brand Standards”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Brand System”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Business Day”</i>	:	A day which is not a Saturday, a Sunday or a bank holiday or public holiday in Singapore or Thailand

DEFINITIONS

<i>“Business Disposal”</i>	:	Has the meaning ascribed to it in Section 3.5.5(b) of this Circular
<i>“Capital Improvements Personnel”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Catalist”</i>	:	The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rules”</i>	:	Any or all of the rules in Section B of the SGX-ST Listing Manual: Rules of Catalist, as amended, supplemented or modified from time to time
<i>“Cayman Companies Act”</i>	:	The Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as may be amended, supplemented or modified from time to time
<i>“CHP”</i>	:	Has the meaning ascribed to it in Section 4.14 of the Target’s Letter to Shareholders
<i>“Cladding Programme”</i>	:	Has the meaning ascribed to it in Section 5.2 of the Target’s Letter to Shareholders
<i>“Class A Notes”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Class B Notes”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Class C Notes”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Class D Notes”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Class E Notes”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Class X Certificates”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Closing”</i>	:	Completion of the Proposed Acquisition in accordance with the terms and conditions of the SPA
<i>“Closing Date”</i>	:	The Business Day after the completion of the Proposed Compliance Placement or such other date as may be agreed in writing between the Company and the Seller, being the date of completion of the Proposed Acquisition

DEFINITIONS

<i>“Code”</i>	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
<i>“Code of Corporate Governance”</i>	:	The Singapore Code of Corporate Governance 2018, as amended, supplemented or modified from time to time
<i>“Commencement Date”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“Common Security”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Companies Act”</i>	:	The Companies Act 1967 of Singapore, as may be amended, supplemented or modified from time to time
<i>“Company Placement Shares”</i>	:	Up to 211,000,000 new Shares to be allotted and issued by the Company pursuant to the Proposed Compliance Placement
<i>“Conditional Resolutions”</i>	:	Has the meaning ascribed to it in Section 1.3(b) of this Circular
<i>“Conditions Precedent”</i>	:	The conditions precedent to the agreement to sell and purchase the Sale Shares under the SPA, as set out in Section 3.5.3 of this Circular
<i>“Consideration Shares”</i>	:	Up to 1,344,870,969 Shares to be allotted and issued by the Company to the Seller in satisfaction of the Actual Consideration
<i>“Consolidated Shares”</i>	:	The resultant Shares after the completion of the Proposed Share Consolidation
<i>“Constitution”</i>	:	The constitution of the Company, as amended or modified from time to time
<i>“Conversion Shares”</i>	:	Up to 21,212,121 Shares to be allotted and issued by the Company to the Seller in accordance with the Seller’s Loan Agreement
<i>“CRS”</i>	:	Has the meaning ascribed to in Section 4.5 of the Target’s Letter to Shareholders
<i>“Debtors”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“December 2023 Interest Payment Date”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders

DEFINITIONS

<i>“Deed of Information Undertaking”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Deed of Undertaking”</i>	:	Has the meaning ascribed to it in Section 14.3 of the Target’s Letter to Shareholders
<i>“Dees Supreme Loan”</i>	:	Has the meaning ascribed to it in Section 13.2 of the Target’s Letter to Shareholders
<i>“Defaulting Party”</i>	:	Has the meaning ascribed to it in Section 3.5.9(c) of this Circular
<i>“Desktop Valuation”</i>	:	The desktop valuation of the enterprise value of the Target Group (before any deductions for net debt) as at 1 April 2023, being S\$1,008,545,201 (£600,396,000, as translated at the Exchange Rate)
<i>“Direct Agreements”</i> and each a <i>“Direct Agreement”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Disclosure Cut-Off Date”</i>	:	Has the meaning ascribed to it in Section 3.5.6(c) of this Circular
<i>“Disclosure Letter”</i>	:	The letter dated the same date as the SPA from the Seller to the Company disclosing: (a) information constituting exceptions to the Seller’s Warranties; and (b) details of other matters referred to in the SPA
<i>“Disposal Completion”</i>	:	Has the meaning ascribed to it in Section 6.1 of this Circular
<i>“Disposal Consideration”</i>	:	Has the meaning ascribed to it in Section 6.2.1 of this Circular
<i>“Disposal SPAs”</i> , and each a <i>“Disposal SPA”</i>	:	Has the meaning ascribed to it in Section 6.1 of this Circular
<i>“Downward Adjustment Amount”</i>	:	Has the meaning ascribed to it in Section 3.5.2(b)(ii) of this Circular
<i>“DPA 2018”</i>	:	The Data Protection Act 2018 of the United Kingdom
<i>“DT Group Lock-up Shares”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular

DEFINITIONS

<i>“DTGO Corporation Lock-up Shares”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“DTP Inter Holdings Loan”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“DTP Lock-up Shares”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“Effective Trading Date”</i>	:	The date on which the Consolidated Shares will trade on the SGX-ST in board lots of 100 Consolidated Shares
<i>“EGM”</i>	:	The extraordinary general meeting of the Company to be convened and held at Training Room 801, Level 8, NTUC Business Centre, One Marina Boulevard, Singapore 018989 on 26 December 2023 at 11.00 a.m.
<i>“EHS”</i>	:	Environmental, health and safety
<i>“Enhanced Management Services Agreement”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“Enlarged Share Capital”</i>	:	The issued and paid-up share capital of the Company after the completion of the Proposed Share Consolidation, the allotment and issue of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares, and before or after the allotment and issue of the Company Placement Shares (as the case may be), comprising up to 1,610,481,202 Shares, assuming the allotment and issue of all of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares and the Company Placement Shares
<i>“EPS”</i>	:	Earnings per Share
<i>“Escrow Account”</i>	:	Has the meaning ascribed to it in Section 6.7(a) of this Circular
<i>“ESG”</i>	:	Environmental, social and governance
<i>“Estimated Consideration”</i>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<i>“Exchange Rate”</i>	:	The exchange rate of £1:S\$1.6798
<i>“Existing Business”</i>	:	All of the existing business carried on by the Company prior to the date of the SPA

DEFINITIONS

<i>“Existing Shareholder Loans Capitalisation”</i>	:	The capitalisation into equity of existing shareholder loan(s) extended by the Seller to the Target Company and accrued interest in relation to these loan(s) of an aggregate amount of approximately £161,000,000
<i>“Expert”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Extended Maturity Date”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“Extended Waiver”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“F&B”</i>	:	Food and beverage
<i>“Facility Agreements”</i>	:	The Senior Facility Agreement and the Mezzanine Facility Agreement
<i>“Fees”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“First Lock-up Period”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“Franchisors”</i> and each a <i>“Franchisor”</i>	:	Has the meaning ascribed to it in Section 2 of the Target’s Letter to Shareholders
<i>“Fundamental Warranties”</i>	:	Seller’s Warranties under the SPA specifically relating to (i) the Seller’s due incorporation, authority to enter the SPA, ownership of the Sale Shares, and that the Seller’s performance of the SPA will not result in a breach in its constitution or any order of a governmental or regulatory body as at the date of the SPA; and (ii) matters in connection with the insolvency and winding-up of the Seller and the Target Group Companies as at the date of the SPA and as at Closing, and <i>“Fundamental Warranty”</i> shall mean any one of them
<i>“FY”</i>	:	Financial year ended or ending 31 December
<i>“General Share Issue Mandate”</i>	:	The existing general mandate granted on 27 April 2023 by the Shareholders to issue new Shares
<i>“GST”</i>	:	Goods and services tax
<i>“Guaranteed Obligations”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders

DEFINITIONS

<i>“Guarantees”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“HDB Deposit”</i>	:	Has the meaning ascribed to it in Section 6.2.1(a) of this Circular
<i>“Hilton Franchisees”</i> and each a <i>“Hilton Franchisee”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Hilton Franchisor”</i>	:	Has the meaning ascribed to it in Section 2 of the Target’s Letter to Shareholders
<i>“Hilton Hotel”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Hospitality Assets”</i>	:	Has the meaning ascribed to it in Section 2 of the Target’s Letter to Shareholders
<i>“Hotel”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Hotel Franchise Agreements”</i> and each a <i>“Hotel Franchise Agreement”</i>	:	Has the meaning ascribed to it in Section 2 of the Target’s Letter to Shareholders
<i>“Hotel Franchise Fees”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Hotel Operating Documents”</i>	:	The hotel operating documents comprising the Valor Management Agreement, the Hotel Franchise Agreements and other ancillary or related agreements relating to the operation of the Hotels
<i>“IFA Letter”</i>	:	The letter dated 7 December 2023 issued by the IFA to the Existing Directors in respect of the Proposed Whitewash Resolution, which is set out in Appendix F of this Circular
<i>“IFRS”</i>	:	International Financial Reporting Standards
<i>“IHG Franchisees”</i> and each an <i>“IHG Franchisee”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“IHG Franchisor”</i>	:	Has the meaning ascribed to it in Section 2 of the Target’s Letter to Shareholders
<i>“IHG Hotel”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders

DEFINITIONS

<i>“Incentive Fee”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Instruments”</i>	:	Has the meaning ascribed to it in Section 12.1(a) of this Circular
<i>“Intercreditor Agreement”</i>	:	The intercreditor agreement dated 10 December 2019 entered into between (amongst others) (i) DTP Subholdco Limited; (ii) DTP Regional Hospitality Group Limited; and (iii) CBRE, as facility agent under the Senior Facility Agreement and as facility agent under the Mezzanine Facility Agreement, as amended and restated from time to time, which governs the interrelationship between the Senior Lender, the Mezzanine Lenders and the Obligors
<i>“IPT Disclosure Waiver”</i>	:	Has the meaning ascribed to it in Section 14.2.2 of this Circular
<i>“Issue Price”</i>	:	S\$0.33
<i>“IT”</i>	:	Information technology
<i>“June 2023 Waiver Letter”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Key Money”</i>	:	Has the meaning ascribed to it in Section 17 of this Circular
<i>“Key Money Provider”</i>	:	Has the meaning ascribed to it in Section 17 of this Circular
<i>“Key Resolutions”</i>	:	Has the meaning ascribed to it in Section 1.3(a) of this Circular
<i>“Land Registry”</i>	:	Has the meaning ascribed to it in Appendix H to this Circular
<i>“Latest Practicable Date”</i>	:	27 November 2023, being the latest practicable date before the lodgement of this Circular with the SGX-ST
<i>“Licensing and Permits Software”</i>	:	Has the meaning ascribed to it in Section 4.14 of the Target’s Letter to Shareholders
<i>“Listco”</i>	:	Has the meaning ascribed to it in Section 11.2 of the Target’s Letter to Shareholders
<i>“Lock-up Period”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“LPS”</i>	:	Loss per Share

DEFINITIONS

<i>“Management Services Agreements”</i> and each a <i>“Management Services Agreement”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“Market Days”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Marriott Franchisor”</i>	:	Has the meaning ascribed to it in Section 2 of the Target’s Letter to Shareholders
<i>“Marriott Hotel”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Material Adverse Effect”</i>	:	Any one or more circumstance which, whether individually or in the aggregate, has or have the effect of causing a diminution in the valuation of the Target Group as set out in the Desktop Valuation by more than S\$201,709,040, being 20 per cent. of the enterprise value of the Target Group (before any deductions for net debt) as at 1 April 2023 based on the Desktop Valuation
<i>“Mezzanine Consent Letter”</i>	:	The consent letter entered between DTP Hospitality, DTP Regional Hospitality and CBRE (as facility agent for the Mezzanine Loan)
<i>“Mezzanine Facility Agreement”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Mezzanine Facility Liabilities”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Mezzanine Loan”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Minimum Issue Price”</i>	:	Has the meaning ascribed to it in Section 4.1 of this Circular
<i>“Minimum Public Float Requirement”</i>	:	Has the meaning ascribed to it in Section 7.1 of this Circular
<i>“Moratorium Waiver”</i>	:	Has the meaning ascribed to it in Section 14.1.1(a) of this Circular
<i>“NAV”</i>	:	Net asset value
<i>“Net Debt-2023”</i>	:	The net debt of the Target Group (taking into account the Additional Capitalisation) as at the Relevant Date
<i>“Net Debt Statement”</i>	:	The statement setting out the Net Debt-2023

DEFINITIONS

<i>“Net Proceeds”</i>	:	Has the meaning ascribed to it in Section 7.3 of this Circular
<i>“New Hotel Operating Agreement”</i>	:	Has the meaning ascribed to it in Section 17 of this Circular
<i>“New Share Certificates”</i>	:	Has the meaning ascribed to it in Section 4.5.2(a) of this Circular
<i>“Non-Defaulting Party”</i>	:	Has the meaning ascribed to it in Section 3.5.9(c) of this Circular
<i>“Non-Room Revenue”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“Notes”</i>	:	The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes
<i>“NTA”</i>	:	Net tangible assets
<i>“Old Share Certificates”</i>	:	Has the meaning ascribed to it in Section 4.5.2(a) of this Circular
<i>“Option”</i>	:	Has the meaning ascribed to it in Section 6.2.5 of this Circular
<i>“OSSB Consideration”</i>	:	Has the meaning ascribed to it in Section 6.2.1(b) of this Circular
<i>“OSSB Shares”</i>	:	Has the meaning ascribed to it in Section 6.2.1(b) of this Circular
<i>“Other Asset Enhancements”</i>	:	Has the meaning ascribed to it in Section 8.6 of the Target’s Letter to Shareholders
<i>“PBB Loan”</i>	:	Has the meaning ascribed to it in Section 3.2 of this Circular
<i>“PBT”</i>	:	Profit before taxation
<i>“PCL Loan”</i>	:	Has the meaning ascribed to it in Section 3.1(b) of this Circular
<i>“PCL Loan Agreement”</i>	:	Has the meaning ascribed to it in Section 3.1(b) of this Circular
<i>“PCL Loan Conversion Approval”</i>	:	Has the meaning ascribed to it in Section 3.5.5(c)(ii) of this Circular

DEFINITIONS

<i>“PCL Loan Conversion Shares”</i>	:	Up to 757,575 Shares to be allotted and issued by the Company to Phileo Capital
<i>“PCL Loan Utilised Amount”</i>	:	Has the meaning ascribed to it in the SPA as set out in Section 3.5.4(a) of this Circular
<i>“PDPA”</i>	:	The Personal Data Protection Act 2012 of Singapore, as amended, supplemented or modified from time to time
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The financial period comprising FY2020, FY2021, FY2022 and 1H2023
<i>“Planned Capital Expenditures”</i>	:	Has the meaning ascribed to it in Section 3.6 of this Circular
<i>“Planned Improvements”</i>	:	The Room Additions, the Spa Enhancements, the Bedroom Refurbishment and the Other Asset Enhancements
<i>“Plots”</i>	:	Has the meaning ascribed to it in Section 3.2 of this Circular
<i>“PPCF Lock-up Period”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“PPCF Lock-up Shares”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“PPCF Shares”</i>	:	1,970,000 Shares to be allotted and issued by the Company to PPCF
<i>“Pro Forma Adjustments”</i>	:	Has the meaning ascribed to it in Section 9 of the Target's Letter to Shareholders
<i>“Pro Forma Waiver”</i>	:	Has the meaning ascribed to it in the SPA as set out in Section 14.1.1(b) of this Circular
<i>“Profit Threshold”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target's Letter to Shareholders
<i>“Project Management Fee”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target's Letter to Shareholders
<i>“Property Improvement Plan”</i>	:	Has the meaning ascribed to it in Section 5.2 of the Target's Letter to Shareholders

DEFINITIONS

<i>“Property Valuation Report”</i>	:	The independent property valuation report dated 7 December 2023 prepared by the Independent Business Valuer as part of the Updated Valuation
<i>“Proposed Acquisition”</i>	:	The proposed acquisition by the Company of the Sale Shares from the Seller on the terms and subject to the conditions set out in the SPA
<i>“Proposed Allotment and Issuance of Consideration Shares”</i>	:	The proposed allotment and issuance of the Consideration Shares to the Seller and/or its designated persons (as may be notified by the Seller in writing to the Company) in accordance with the SPA
<i>“Proposed Allotment and Issuance of Conversion Shares”</i>	:	The proposed allotment and issuance of the Conversion Shares to the Seller in accordance with the Seller’s Loan Agreement
<i>“Proposed Allotment and Issuance of PCL Loan Conversion Shares”</i>	:	The proposed allotment and issuance of the PCL Loan Conversion Shares to Phileo Capital in accordance with the terms of the Seller’s Loan Agreement as set out in Section 3.5.5(c) of this Circular
<i>“Proposed Allotment and Issuance of PPCF Shares”</i>	:	The proposed allotment and issuance of the PPCF Shares to the PPCF in accordance with PPCF’s terms of engagement
<i>“Proposed Change of Auditors”</i>	:	The proposed change of the Company’s Auditors from Mazars LLP to KPMG LLP
<i>“Proposed Change of Core Business”</i>	:	Has the meaning ascribed to it in Section 10 of this Circular
<i>“Proposed Compliance Placement”</i>	:	The proposed placement of the Company Placement Shares to satisfy the Minimum Public Float Requirement
<i>“Proposed Disposal”</i>	:	The proposed disposal of OSSB and 3CPC and the waiver and release of all liabilities (including contingent liabilities) of the Company to OSSB and 3CPC on the terms and subject to the conditions set out in the Disposal SPAs
<i>“Proposed New Share Issue Mandate”</i>	:	The proposed grant of a general mandate and authority to the directors of the Company pursuant to Section 161 of the Companies Act to allot and issue new shares as set out in Section 12 of this Circular

DEFINITIONS

<i>“Proposed Share Consolidation”</i>	:	The share consolidation exercise to be undertaken by the Company, at a consolidation ratio of 100:1 (fractional entitlements to be disregarded), prior to the allotment and issue of the Consideration Shares, the Conversion Shares, the PPCF Shares, the Company Placement Shares and the PCL Loan Conversion Shares, details of which are set out in Section 4 of this Circular
<i>“Proposed Transactions”</i>	:	The Proposed Acquisition, the Proposed Allotment and Issuance of Consideration Shares, the Proposed Allotment and Issuance of Conversion Shares, the Proposed Allotment and Issuance of PCL Loan Conversion Shares, the Proposed Allotment and Issuance of PPCF Shares, the Proposed Compliance Placement, the Proposed Share Consolidation, the Proposed Disposal, the Proposed Whitewash Resolution, the appointment of the Proposed New Board, the Proposed Change of Core Business, the Proposed New Share Issue Mandate and/or the Proposed Change of Auditors, as applicable
<i>“Proposed Whitewash Resolution”</i>	:	The resolution proposed as Ordinary Resolution 16 in the Notice of EGM which, if approved by a majority of the shareholders of the Company at the EGM in accordance with the requirements set out in Appendix 1 of the Code in respect of the waiver of their rights to receive a general offer from the Seller and parties acting in concert with it who would incur an obligation to make a general offer under Rule 14 of the Code for all of the Shares not already owned by the Seller and parties acting in concert with the it as a result of the Proposed Acquisition and the transactions contemplated under the SPA, provided that the Seller and any persons who are not independent of the Seller abstain from voting on the Proposed Whitewash Resolution
<i>“Public”</i>	:	Persons other than: (a) directors, chief executive officer, substantial shareholders, or controlling shareholders of the issuer or its subsidiary companies; and (b) associates of the persons in paragraph (a)
<i>“Purchaser’s EGM”</i>	:	Has the meaning ascribed to it in Section 3.5.3(c)(i) of this Circular
<i>“Reduction Obligation”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Register of Members”</i>	:	The register of members of the Company

DEFINITIONS

<i>“Regulatory Approvals”</i>	:	Has the meaning ascribed to it in the SPA as set out in Section 3.5.3(d) of this Circular
<i>“Relevant Costs”</i>	:	Has the meaning ascribed to it in Section 3.5.9(c) of this Circular
<i>“Relevant Cross-Default Provisions”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Relevant Date”</i>	:	The last calendar day of the calendar month prior to the date on which all of the Conditions Precedent (excluding the completion of the Business Disposal, completion of the Proposed Compliance Placement and completion of the Net Debt Statement) are satisfied or waived
<i>“Relevant Hotels”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“Relevant Period”</i>	:	The Period Under Review and the period from 1 July 2023 to the Latest Practicable Date
<i>“Relevant Pro Forma Financial Statements”</i>	:	Has the meaning ascribed to it in Section 14.1.2(b)(B) of this Circular
<i>“Replacement Party”</i>	:	Has the meaning ascribed to it in Section 17 of this Circular
<i>“Restructuring”</i>	:	Has the meaning ascribed to it in Section 3.4 of the Target’s Letter to Shareholders
<i>“Restructuring Agreement”</i>	:	Has the meaning ascribed to it in Section 3.4 of the Target’s Letter to Shareholders
<i>“Review Period”</i>	:	Has the meaning ascribed to it in the SPA as set out in Section 3.5.6(d) of this Circular
<i>“ROFO”</i>	:	Has the meaning ascribed to it in Section 5.2 of the Target’s Letter to Shareholders
<i>“ROFR”</i>	:	Has the meaning ascribed to it in Section 5.2 of the Target’s Letter to Shareholders
<i>“Room Additions”</i>	:	The room additions to six (6) existing Hospitality Assets which are expected to add a further 166 keys to the portfolio by the end of 2026, which is further described in Section 5.2 of the Target’s Letter to Shareholders
<i>“Room Revenue”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders

DEFINITIONS

<i>“Sale Shares”</i>	:	(a) The entire issued and paid-up ordinary share capital of the Target Company comprising 1,000 ordinary shares of par value of US\$1.00 each in the share capital of the Target Company; and (b) any new shares in the Target Company to be issued to the Seller pursuant to the Additional Capitalisation
<i>“Second Lock-up Period”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Security Support Services Agreement”</i>	:	The security support services agreement entered into between DTP Infinities Corporation Limited and DTP dated 23 June 2021
<i>“Seller’s Loan”</i>	:	Has the meaning ascribed to it in Section 3.1(a) of this Circular
<i>“Seller’s Loan Agreement”</i>	:	Has the meaning ascribed to it in Section 3.1(a) of this Circular
<i>“Seller Lock-up Shares”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“Seller’s Warranties”</i>	:	The warranties and representations given by the Seller in the SPA
<i>“Senior Facility Agreement”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Senior Facility Liabilities”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Senior Loan”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Service Agreement”</i>	:	Has the meaning ascribed to it in Section 11.6 of the Target’s Letter to Shareholders
<i>“Servicing Agreement”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“SET”</i>	:	The Stock Exchange of Thailand
<i>“SFA”</i>	:	The Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time

DEFINITIONS

<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, supplemented or modified from time to time
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)
<i>“SGX-ST Clearance”</i>	:	The approval of the SGX-ST and the issuance of a listing and quotation notice from the SGX-ST for the admission of the Consolidated Shares, the Consideration Shares, the Conversion Shares, the PPCF Shares and the Company Placement Shares to the Catalist, and the dealing and quotation of such shares on the Catalist upon the allotment and issue of such shares in accordance with the SPA
<i>“SGXNet”</i>	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of the Company
<i>“Shareholder(s)”</i>	:	Registered holder(s) of Share(s), except where the registered holder is CDP, in which case the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with CDP are credited with such Shares
<i>“Share Consolidation Record Date”</i>	:	The time and date to be determined by the Existing Directors after consultation with the Sponsor for compliance with the relevant Catalist Rules, at and on which the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Consolidated Shares of Shareholders pursuant to the Proposed Share Consolidation
<i>“SPA”</i>	:	Has the meaning ascribed to it in Section 1.1 of this Circular, and shall for the purpose of this Circular, include the SPA, as amended, supplemented and modified from time to time
<i>“Spa Enhancement”</i>	:	The enhancement of the spa facilities in The Club and Spa at the DoubleTree by Hilton Hotel & Spa Chester, which is further described in Section 5.2 of the Target’s Letter to Shareholders
<i>“SPA Valuation”</i>	:	Has the meaning ascribed to it in Section 3.5.2(a)(i) of this Circular

DEFINITIONS

<i>“SPA Valuation Report”</i>	:	The independent business valuation report on the Target Group as at 30 April 2023 prepared and issued by the Independent Business Valuer
<i>“Subsequent Additional Capitalisation”</i>	:	Has the meaning ascribed to it in Section 3.5.2(a)(ii) of this Circular
<i>“Substantial Shareholder”</i>	:	A person who has an interest in the Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting shares of the Company
<i>“Summary Valuation Letter”</i>	:	The summary valuation letter dated 7 December 2023 issued by the Independent Business Valuer, which contains a summary of the information contained in the Updated Valuation Report, a copy of which is set out in Appendix E of this Circular
<i>“Target Company Shares”</i>	:	Has the meaning ascribed to it in Section 3.3 of the Target’s Letter to Shareholders
<i>“Target’s Letter to Shareholders”</i>	:	Appendix A to this Circular, titled “Target’s Letter to Shareholders”
<i>“Term”</i>	:	Has the meaning ascribed to it in Section 13.3 of the Target’s Letter to Shareholders
<i>“UBO Lock-up Shares”</i>	:	Has the meaning ascribed to it in Section 15.6 of this Circular
<i>“UK GDPR”</i>	:	The United Kingdom General Data Protection Regulation
<i>“Updated Net Valuation”</i>	:	Has the meaning ascribed to it in the SPA as set out in Section 3.5.2(b)(i) of this Circular
<i>“Updated Valuation”</i>	:	The independent business valuation of the Target Group (before any deductions for net debt) as at 30 June 2023 of £601,457,000 as stated in the Updated Valuation Report
<i>“Updated Valuation Report”</i>	:	The independent business valuation report on the Target Group as at 30 June 2023 prepared by the Independent Business Valuer, a summary of which is contained in the Summary Valuation Letter set out in Appendix E of this Circular
<i>“Upward Adjustment Amount”</i>	:	Has the meaning ascribed to it in the SPA as set out in Section 3.5.2(b)(i) of this Circular
<i>“Utilised Amount”</i>	:	Has the meaning ascribed to it in the SPA as set out in Section 3.5.4(b) of this Circular

DEFINITIONS

<i>“Valor Duty of Care Agreement”</i>	:	Has the meaning ascribed to it in Section 9.1 of the Target’s Letter to Shareholders
<i>“Valor Management Agreement”</i>	:	Has the meaning ascribed to it in Section 4.2 of the Target’s Letter to Shareholders
<i>“VAT”</i>	:	Value added tax
<i>“Whitewash Waiver”</i>	:	Has the meaning ascribed to it in Section 9.2 of this Circular

CURRENCIES, UNITS AND OTHERS

<i>“£” and “GBP”</i>	:	Pound sterling
<i>“RM”</i>	:	Ringgit Malaysia
<i>“S\$” and “cents”</i>	:	Singapore dollars and cents, respectively
<i>“sq ft”</i>	:	Square feet
<i>“sq m”</i>	:	Square metre
<i>“THB”</i>	:	Thai baht
<i>“%” or “per cent.”</i>	:	Per centum

Unless the context otherwise requires:

The expressions “associate”, “associated company”, “controlling shareholder”, “interested person”, “interested person transaction”, “subsidiary” and “substantial shareholder” shall have the meaning ascribed to them respectively in the SFR, the Catalist Rules and/or the Companies Act, as the case may be.

The term “entity” includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust as defined in the SFA.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The expressions “acting in concert”, “concert parties” and “whitewash resolution” shall have the meanings ascribed to them respectively in the Code.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

DEFINITIONS

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the SFR, the Catalist Rules or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the SFR, the Catalist Rules or the Code or any statutory modification thereof, as the case may be.

Any reference in this Circular to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time or date in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The information on the websites or any website directly or indirectly linked to such websites or the websites of any of the Company or the Target does not form part of this Circular and should not be relied on.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the Target Group's business, set out in the following is a glossary of certain terms and abbreviations used in this Circular. The terms and abbreviations and their assigned meanings should not be treated as being definitive of their meanings, and may not correspond to standard industry or common meanings or usage, as the case may be, or usage of these terms and abbreviations.

<i>"Average Daily Rate" or "ADR"</i>	:	Total room revenue divided by the total number of rooms sold. Rooms sold include rooms sold on a paid basis, as well as rooms sold without charge in connection with a promotion or contract. Complimentary rooms are not included in the denominator of the ADR calculation
<i>"EBITDA"</i>	:	Gross operating profit before all interest, tax, depreciation and amortisation and after exclusion of all exceptional items
<i>"GIA"</i>	:	Gross internal area
<i>"MICE"</i>	:	Meetings, Incentives, Convention and Exhibitions MICE refers to the type of tourism in which large groups, usually planned well in advance, are brought together for a particular purpose, typically for professional or educational meetings, conferences and events
<i>"OTA" or "online travel agencies"</i>	:	Online travel agencies refer to internet booking engines that allows consumers and travel agents to book flights, hotels, holiday packages and other services online
<i>"PMS"</i>	:	Property management system
<i>"PPE"</i>	:	Property, plant and equipment
<i>"RevPAR"</i>	:	Rooms revenue per available room. Total room revenue divided by the total number of rooms available. RevPAR measures the rooms revenue yield a property achieves relative to the rooms available in the property for a period
<i>"SONIA"</i>	:	Sterling Overnight Index Average

GLOSSARY OF TECHNICAL TERMS

“Upper Upscale”, “Upscale” and “Upper Midscale” :

The terms “upper upscale”, “upscale” and “upper midscale” when used in this Circular in describing hotels should be understood in the context of conventional hospitality industry standards which categorise hotels into the following class segments (from highest to lowest):

- (i) Luxury;
- (ii) Upper Upscale;
- (iii) Upscale;
- (iv) Upper Midscale;
- (v) Midscale; and
- (vi) Economy.

An upper upscale hotel in the United Kingdom will include the upscale features but will also have more premium rooms (suites), a greater choice of ancillary services such as F&B options or wellness offerings, and generally a higher standard of service. Its rooms will be comparatively higher than those of an upscale hotel.

An upscale hotel in the United Kingdom typically has the following features: a full-service hotel including a range of onsite amenities that include a restaurant, bar, exercise space/gym, spas and meeting room spaces with onsite parking.

An upper midscale hotel in the United Kingdom would typically be a full-service hotel, including a restaurant offer and meeting rooms. Its location or quality of offering will result in more competitive pricing than upscale hotels.

Source: Property Valuation Report

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, statements made in press releases and oral statements that may be made by the Company, the Target Group, the Proposed New Board and each of the Existing Directors, executive officers, employees or other persons acting on behalf of the Company and/or the Target Group, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that are biased or by forward-looking terms such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company’s, the Target Group’s and the Enlarged Group’s expected financial position, business strategies, plans and prospects and the future prospects of the Enlarged Group’s industry are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) revenue and profitability;
- (b) expected growth or decline in demand and business volume;
- (c) expected industry trends and development;
- (d) anticipated expansion and development plans and other future plans; and
- (e) other matters discussed in this Circular regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s, the Target Group’s and the Enlarged Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, *inter alia*, the following:

- (i) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where the Enlarged Group conducts business or expects to conduct business;
- (ii) changes in currency exchange rates;
- (iii) changes in interest rates;
- (iv) the risk that the Enlarged Group may be unable to realise its anticipated growth strategies and expected internal growth;
- (v) changes in customers’ preferences and needs;
- (vi) changes in competitive conditions and the Enlarged Group’s ability to compete under such conditions;
- (vii) changes in the Enlarged Group’s future capital needs and the availability of financing and capital to fund such needs; and
- (viii) other factors beyond the Enlarged Group’s control.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of these risk factors are discussed in greater detail in this Circular, in particular, but not limited to, the discussions under Section 17 of this Circular titled “*Risk Factors*” and Sections 6 and 8 of the Target’s Letter to Shareholders titled “*Prospects, Strategies and Future Plans*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” respectively. All forward-looking statements by or attributable to the Company, the Target Group and the Enlarged Group, or persons acting on the Company’s, the Target Group’s or the Enlarged Group’s behalf, contained in this Circular are expressly qualified in their entirety by such facts.

Given the risks and uncertainties that may cause the Company’s, the Target Group’s and the Enlarged Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Circular, undue reliance must not be placed on those statements. None of the Company, the Seller, the Target Group, the Enlarged Group, their respective directors and executive officers, the Proposed New Board, the Sponsor and Financial Adviser or any other person represents or warrants to you that the Company’s, the Target Group’s and the Enlarged Group’s actual future results, performance or achievements will be as discussed in those statements.

The Company’s, the Target Group’s and the Enlarged Group’s actual future results may differ materially from those anticipated in these forward-looking statements including as a result of the risks faced by the Company and the Enlarged Group. Further, the Company, the Seller, the Target Group, the Enlarged Group and the Sponsor and Financial Adviser disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements to reflect any change in the Company’s, the Target’s and the Enlarged Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which any such statements were based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

Upon Closing, the Enlarged Group will be subject to the provisions of the SFA and the Catalyst Rules regarding corporate disclosure.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all resolutions proposed at the EGM is obtained.

Indicative date/time	Event
23 December 2023, 11.00 a.m.	Last Date and Time for Lodgement of Proxy Form
26 December 2023, 11.00 a.m.	Date and Time of EGM
30 December 2023	Expected date of completion of the Proposed Compliance Placement
30 December 2023	Expected date of Closing and the Disposal Completion

Save for the date of the EGM, the dates set out in the above timetable are indicative and may be subject to change. Where any of the events cannot take place on the dates specified, an appropriate announcement stipulating an alternative date will be made by the Company prior thereto through SGXNET.

Please refer to future announcement(s) by the Company on the SGXNET for the exact dates and times of these events to be posted on the SGX-ST's website at <http://www.sgx.com>.

An announcement will be made by the Company to notify the Shareholders of the Share Consolidation Record Date and the Effective Trading Date.

EXCHANGE RATE

The financial statements of the Target Group are prepared in GBP (£).

As at the Latest Practicable Date, the closing exchange rate between £ and S\$ is £1.00 to S\$1.6875.

The following table sets forth, for each of the financial periods indicated, the average and closing exchange rates. The average exchange rate has been calculated using the average of the exchange rates on the last day of each month during each year or period. Where applicable, the exchange rates in these tables are used for the Target Group's financial statements disclosed elsewhere in this Circular:

Period ⁽¹⁾	£1.00: S\$	
	Average	Closing
FY2020	1.7697	1.8046
FY2021	1.8485	1.8255
FY2022	1.7034	1.6156
1H2022	1.7716	1.6905
1H2023	1.6483	1.7198
1 July 2023 to the Latest Practicable Date	1.6932	1.6875

Source: S&P Capital IQ

Note:

(1) Based on the financial year end of the Target Group being 31 December.

The following table sets forth the highest and lowest exchange rates of £1.00 to S\$ for each month for the six (6) months prior to the Latest Practicable Date. The table below indicates how much S\$ can be bought with £1.00:

Month	£1.00 : S\$	
	Highest	Lowest
May 2023	1.6785	1.6635
June 2023	1.7213	1.6745
July 2023	1.7329	1.7055
August 2023	1.7323	1.7041
September 2023	1.7100	1.6642
October 2023	1.6763	1.6574
November 2023 (for the period from 1 November to the Latest Practicable Date)	1.6892	1.6604

Source: S&P Capital IQ

The above exchange rates are quoted from S&P Capital IQ and are provided solely for information and should not be construed as representations that the £ amounts actually represent such S\$ amounts, or could have been, or could be, converted into S\$ at the rates indicated above, or at any other rate, or at all.

S&P Capital IQ has not provided its consent to the inclusion of the above information and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Group and Target Group have taken reasonable actions to ensure that the relevant information attributed to the abovementioned source has been reproduced in its proper form and context, and that the information is extracted accurately, neither the Group, the Target Group nor any other party has conducted an independent review or verified the accuracy or completeness of such information.

LETTER TO SHAREHOLDERS

3CENERGY LIMITED

(Company Registration Number: 197300314D)
(Incorporated in the Republic of Singapore)

Directors

Mr. Ong Pai Koo @ Sylvester (Independent
Non-Executive Chairman)
Ms. Lai Ven Li (Lead Independent Director)
Ms. Au Foong Yee (Non-Independent
Non-Executive Director)

Registered Office

82 Ubi Avenue 4
#05-04 Edward Boustead Centre
Singapore 408832

7 December 2023

To: The Shareholders

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF DTP INFINITIES LIMITED;**
- (2) **THE PROPOSED SHARE CONSOLIDATION OF EVERY ONE HUNDRED (100) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE;**
- (3) **THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES;**
- (4) **THE PROPOSED ALLOTMENT AND ISSUANCE OF CONVERSION SHARES;**
- (5) **THE PROPOSED ALLOTMENT AND ISSUANCE OF PCL LOAN CONVERSION SHARES;**
- (6) **THE PROPOSED ALLOTMENT AND ISSUANCE OF PPCF SHARES;**
- (7) **THE PROPOSED DISPOSAL;**
- (8) **THE PROPOSED COMPLIANCE PLACEMENT;**
- (9) **THE APPOINTMENT OF MR. BUNYONG VISATEMONGKOLCHAI AS A DIRECTOR TO THE PROPOSED NEW BOARD;**
- (10) **THE APPOINTMENT OF MR. HANSA SUSAYAN AS A DIRECTOR TO THE PROPOSED NEW BOARD;**
- (11) **THE APPOINTMENT OF MR. IQBAL JUMABHOY AS A DIRECTOR TO THE PROPOSED NEW BOARD;**
- (12) **THE APPOINTMENT OF MRS. SASINAN ALLMAND AS A DIRECTOR TO THE PROPOSED NEW BOARD;**
- (13) **THE APPOINTMENT OF MR. LEE KWAI SENG AS A DIRECTOR TO THE PROPOSED NEW BOARD;**

LETTER TO SHAREHOLDERS

- (14) THE APPOINTMENT OF MR. CHRISTOPHER TANG KOK KAI AS A DIRECTOR TO THE PROPOSED NEW BOARD;
 - (15) THE APPOINTMENT OF MR. CHIEW CHUN WEE AS A DIRECTOR TO THE PROPOSED NEW BOARD;
 - (16) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A GENERAL OFFER FROM THE SELLER AND PARTIES ACTING IN CONCERT WITH IT;
 - (17) THE PROPOSED CHANGE OF CORE BUSINESS;
 - (18) THE PROPOSED NEW SHARE ISSUE MANDATE; AND
 - (19) THE PROPOSED CHANGE OF AUDITORS.
-

1. INTRODUCTION

1.1 Overview

The Company has entered into a conditional share purchase agreement on 12 June 2023, a supplemental agreement to the conditional share purchase agreement on 22 August 2023 and a further supplemental agreement to the conditional share purchase agreement on 25 October 2023 respectively (collectively, the “SPA”), pursuant to which the Company shall purchase from the Seller the Sale Shares for an estimated consideration of S\$443,807,420 (the “**Estimated Consideration**”) (subject to the adjustment mechanisms in the SPA as set out in Section 3.5.2 of this Circular), to be satisfied by the allotment and issue of new Shares by the Company.

Based on the foregoing, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Catalist Rules as the applicable relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Catalist Rules exceed 100% and the Proposed Acquisition will result in a change in control of the Company on Closing. In accordance with Chapter 10 of the Catalist Rules, the Company will be seeking the approval of Shareholders, *inter alia*, for the Proposed Transactions to be undertaken in connection with the Proposed Acquisition at the EGM.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information on, to explain the rationale for, and to seek Shareholders’ approval for the Proposed Transactions. The Notice of EGM is set out in the Section titled “*Notice of Extraordinary General Meeting*” at page N-1 of this Circular.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained, or opinions expressed in this Circular.

LETTER TO SHAREHOLDERS

1.3 Inter-conditionality of the Resolutions

Shareholders should note that:

- (a) Ordinary Resolution 1 (The Proposed Acquisition of the Entire Issued Share Capital of DTP Infinities Limited), Ordinary Resolution 2 (The Proposed Share Consolidation of Every One Hundred (100) Ordinary Shares Into One (1) Consolidated Share), Ordinary Resolution 3 (The Proposed Allotment and Issuance of Consideration Shares), Ordinary Resolution 4 (The Proposed Allotment and Issuance of Conversion Shares), Ordinary Resolution 5 (The Proposed Allotment and Issuance of PCL Loan Conversion Shares), Ordinary Resolution 7 (The Proposed Disposal), Ordinary Resolution 8 (The Proposed Compliance Placement), Ordinary Resolution 16 (The Proposed Whitewash Resolution for the Waiver By Independent Shareholders of Their Rights to Receive a General Offer from the Seller and Parties Acting in Concert with It) and Ordinary Resolution 17 (The Proposed Change of Core Business) (collectively, “**Key Resolutions**”) are inter-conditional. This means that if any of the Key Resolutions is not approved, none of the other Key Resolutions will be duly passed; and
- (b) Ordinary Resolution 6 (The Proposed Allotment and Issuance of PPCF Shares), Ordinary Resolution 9 (The Appointment of Mr. Bunyong Visatemongkolchai as a Director to the Proposed New Board), Ordinary Resolution 10 (The Appointment of Mr. Hansa Susayan as a Director to the Proposed New Board), Ordinary Resolution 11 (The Appointment of Mr. Iqbal Jumabhoy as a Director to the Proposed New Board), Ordinary Resolution 12 (The Appointment of Mrs. Sasinan Allmand as a Director to the Proposed New Board), Ordinary Resolution 13 (The Appointment of Mr. Lee Kwai Seng as a Director to the Proposed New Board), Ordinary Resolution 14 (The Appointment of Mr. Christopher Tang Kok Kai as a Director to the Proposed New Board), Ordinary Resolution 15 (The Appointment of Mr. Chiew Chun Wee as a Director to the Proposed New Board), Ordinary Resolution 18 (The Proposed New Share Issue Mandate) and Ordinary Resolution 19 (The Proposed Change of Auditors) (collectively, the “**Conditional Resolutions**”) are conditional upon the passing of the Key Resolutions.

The Key Resolutions are inter-conditional as the subject matter of the Key Resolutions are substantially related and in connection with the Proposed Acquisition, are part of the Enlarged Group’s strategy for the rebranding of the Enlarged Group and will facilitate the conduct of its business upon Closing.

2. SUBMISSION TO THE SGX-ST

On 25 August 2023, the Sponsor has submitted the pre-admission notification to the SGX-ST. A copy of this Circular has been lodged by the Sponsor with the SGX-ST, acting as agent on behalf of the Authority, on 7 December 2023 for posting on the SGX-ST website.

Pursuant to Part II of Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the Consolidated Shares, the Consideration Shares, the Conversion Shares, the Company Placement Shares, the PPCF Shares and the PCL Loan Conversion Shares upon lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority. In any event, no Shares or units of Shares, as the case may be, shall be allotted on the basis of this Circular later than six (6) months after the date of lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority.

LETTER TO SHAREHOLDERS

It should be noted that the listing and quotation notice, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Target, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Conversion Shares, the Company Placement Shares, the PPCF Shares and the PCL Loan Conversion Shares.

3. THE PROPOSED ACQUISITION

3.1 Background

The Company has entered into the SPA, pursuant to which the Company shall purchase from the Seller the Sale Shares free from all encumbrances and together with all rights, privileges and advantages attaching to them as at the Closing Date.

In connection with the SPA, the Company has also entered into the following agreements:

- (a) a convertible loan agreement dated 12 June 2023, a supplemental agreement to the convertible loan agreement dated 22 August 2023 and a further supplemental agreement to the convertible loan agreement dated 25 October 2023 (collectively, the **"Seller's Loan Agreement"**), with the Seller pursuant to which the Seller has agreed to grant an interest free loan facility of an aggregate principal amount of up to S\$7,000,000 (the **"Seller's Loan"**) in one or more loans, for the purpose solely of payment of such portions of the professional advisers' costs and operating expenses or fees incurred by the Company to be borne by the Seller as set out in the SPA (**"Agreed Costs"**); and
- (b) a convertible loan agreement with Phileo Capital, a controlling shareholder of the Company, pursuant to which Phileo Capital has agreed to grant an interest free loan of S\$250,000 in aggregate principal amount (**"PCL Loan"** and the convertible loan agreement for the PCL Loan, the **"PCL Loan Agreement"**) for the sole purpose of payment of professionals' costs to be borne by the Company pursuant to the terms of the SPA (**"Agreed Costs II"**).

The Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Catalist Rules as the applicable relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Catalist Rules exceed 100% and the Proposed Acquisition will result in a change in control of the Company on Closing. Pursuant to Chapter 10 of the Catalist Rules, the Proposed Acquisition is subject to the approval of Shareholders at the EGM, and the Notice of EGM is set out in the Section titled *"Notice of Extraordinary General Meeting"* at page N-1 of this Circular.

3.2 Rationale for the Proposed Acquisition

In 2015, the Group had undergone a restructuring and disposed of its loss-making real estate and housing agency subsidiary, HSRI and its training services subsidiary, HPS.

Following the disposal of HSRI and HPS, the Company acquired 3C Marina in August 2016. 3C Marina owned the legal and beneficial title to three (3) parcels of vacant undeveloped commercial land, all located within Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim, Malaysia (collectively, the **"Plots"**). The Group acquired 3C Marina with the intention to develop the Plots into a mixed-use development consisting of small offices/home offices, serviced apartments, condominium, office lots, office tower,

LETTER TO SHAREHOLDERS

hotel, street front retail and activity retail, a mixed development with predominantly residential components and complemented with retail and commercial components. The Plots were acquired by 3C Marina with bank financing from Public Bank Berhad (“**PBB Loan**”).

Since the acquisition of 3C Marina, the Group had to defer the development of the Plots for a variety of reasons, including but not limited to regulatory changes in Malaysia relating to proposed integrated developments, government announcement on a freeze on approvals for residential properties above RM1.0 million, and a property market that had generally deteriorated. Further, due to the outbreak of the COVID-19 pandemic, the Government of Malaysia had, pursuant to regulations made under the Prevention and Control of Infectious Diseases Act 1988, implemented various restrictions on movements and gatherings. Similar measures had been implemented by the Government of Singapore. The COVID-19 pandemic and measures to control movement and gatherings, and other measures which authorities in Singapore, Malaysia and/or the region implemented have adversely affected the economy and further dampened the Malaysian property market.

Taking into consideration the foregoing circumstances, the Group was of the view that there were limited prospects of developing the Plots. To reduce the debt of the Group (in particular, the PBB Loan), in February 2022, the Company announced the proposed disposal of 3C Marina. The disposal of 3C Marina was approved by Shareholders at an extraordinary general meeting held on 22 March 2022 and completed on 13 May 2022.

With the completion of the disposal of 3C Marina and the improved financial position of the Group given its minimum operating costs and absence of any outstanding bank loan commitments, the Company focused on its remaining businesses of integrated property development management and real estate valuation and appraisal services, and continued to look out for new business opportunities to provide the Group with a fresh start or good growth opportunities. The Company’s continued efforts in exploring and evaluating potential opportunities culminated in the Proposed Acquisition which is in line with the Group’s plans to expand and rejuvenate its business through mergers and acquisitions.

While the Company has noted that the Target Group is at a net loss and net liability position as at the financial year ended 31 December 2022 (please refer to Section 7 of the Target’s Letter to Shareholders titled “*Selected Financial Information of the Target Group*”, for more information on the financial performance and position of the Target Group), the Company considers the Proposed Acquisition to be beneficial to the Group having considered the updated valuation of the Target Group, quality of the assets owned by the Target Group, the Aggregate Loans Capitalisation, the prospects of the hospitality industry and the Target Group’s business. In particular, the Company notes that, as at the Latest Practicable Date, the Target Group owns a portfolio of hospitality assets in the United Kingdom comprising 17 predominantly upscale hotels located in key regional cities in the United Kingdom, offering a total of 3,383 keys, and operating under franchise agreements with selected well-known international brands such as “Crowne Plaza”, “Holiday Inn”, “Hotel Indigo”, “DoubleTree by Hilton”, “Hilton Garden Inn” and “AC Hotel by Marriott”. Separately, as the consideration of the Sale Shares will be based on the updated valuation of the Target Group carried out by the Independent Business Valuer, the Company is of the view that the consideration payable for the Proposed Acquisition will be indicative of the value of the Target’s business.

LETTER TO SHAREHOLDERS

3.3 Information relating to the Seller

The Seller is a company limited by shares incorporated in Singapore with its principal business being investment holding.

As at the date of this Circular, the shareholding structure of the Target Company is as follows:

Name of Seller	Number of ordinary shares held in the Target Company	% shareholding interest held in the Target Company
DTP Inter Holdings Corporation Pte. Ltd. ⁽¹⁾⁽²⁾	279,212,682	100
Total	279,212,682	100

Notes:

- (1) All the shares in the Seller are ordinary shares held by DTP, a global investment company incorporated in Thailand. DTP is part of the DTGO Group, which has business operations across several commercial sectors (which comprise, amongst others, hospitality businesses and services, as well as property development and its related businesses including commercial and retail buildings) alongside its non-profit initiatives in education, healthcare and the environment.
- (2) The UBO holds approximately 81.0% direct interest in DT Group. DT Group holds approximately 99.99% direct interest in DTGO Corporation. DTGO Corporation holds approximately 99.99% direct interest in DTP, which in turn holds 100% direct interest in DTP Inter Holdings. Please refer to Section 3.3.1 of the Target's Letter to Shareholders titled "*Current Shareholders*" for further information.

The Seller is not related to any of the Company's Existing Directors, Existing Controlling Shareholders, Acting Group Chief Executive Officer cum Group Financial Controller and/or their respective associates. As at the date of this Circular, the Seller does not hold any Shares.

3.4 Information on the Target Group

The Target Company is a private company limited by shares incorporated in the Cayman Islands under the Cayman Companies Act (As Revised) on 25 July 2019. As at the Latest Practicable Date, DTP Inter Holdings is the sole shareholder of the Target Company.

The core business focus of the Target Group comprises investing in and managing the operations of hospitality and lodging-related business. As at the Latest Practicable Date, the Target Group owns a portfolio of hospitality assets in the United Kingdom, comprising 17 predominantly upscale hotels located in key regional cities in the United Kingdom, and plans to expand its portfolio following Closing by investing in operational and revenue-generating properties for hospitality or lodging-related uses (such as hotels, serviced apartments, purpose-built student accommodation and workers' dormitories) which may be located anywhere in the world.

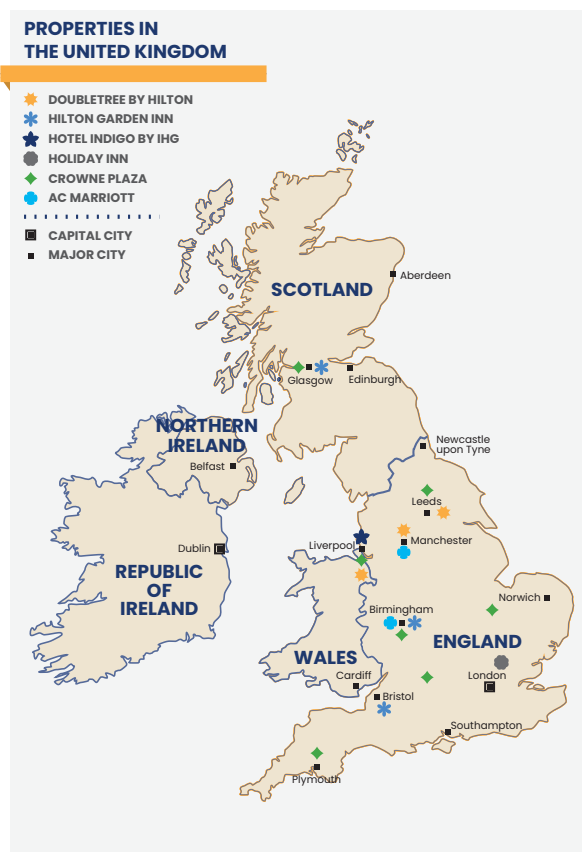
The Hospitality Assets were acquired by DTP Infinities Corporation Limited, a wholly-owned subsidiary of the Target Company incorporated in the United Kingdom, in December 2019. The Target Group has a strong presence and widespread coverage throughout the United Kingdom, showcasing a comprehensive network of properties

LETTER TO SHAREHOLDERS

across the country, including in major cities such as Manchester, Leeds, Birmingham, Liverpool and Glasgow, offering a total of 3,383 keys.

The Hospitality Assets are managed by Valor Hospitality Europe Limited (“**Valor**”) and operated under franchise agreements with selected well-known international hotel brands. They consist of:

- (a) seven (7) “Crowne Plaza” branded hotels, located in Chester, Glasgow, Harrogate, Nottingham, Plymouth, Solihull and Stratford-upon-Avon;
- (b) one (1) “Holiday Inn” branded hotel, located in Peterborough;
- (c) one (1) “Hotel Indigo” branded hotel, located in Liverpool;
- (d) three (3) “DoubleTree by Hilton” branded hotels, located in Chester, Leeds and Manchester;
- (e) three (3) “Hilton Garden Inn” branded hotels, located in Birmingham, Bristol and Glasgow; and
- (f) two (2) “AC Hotel by Marriott” branded hotels, located in Birmingham and Salford Quays.

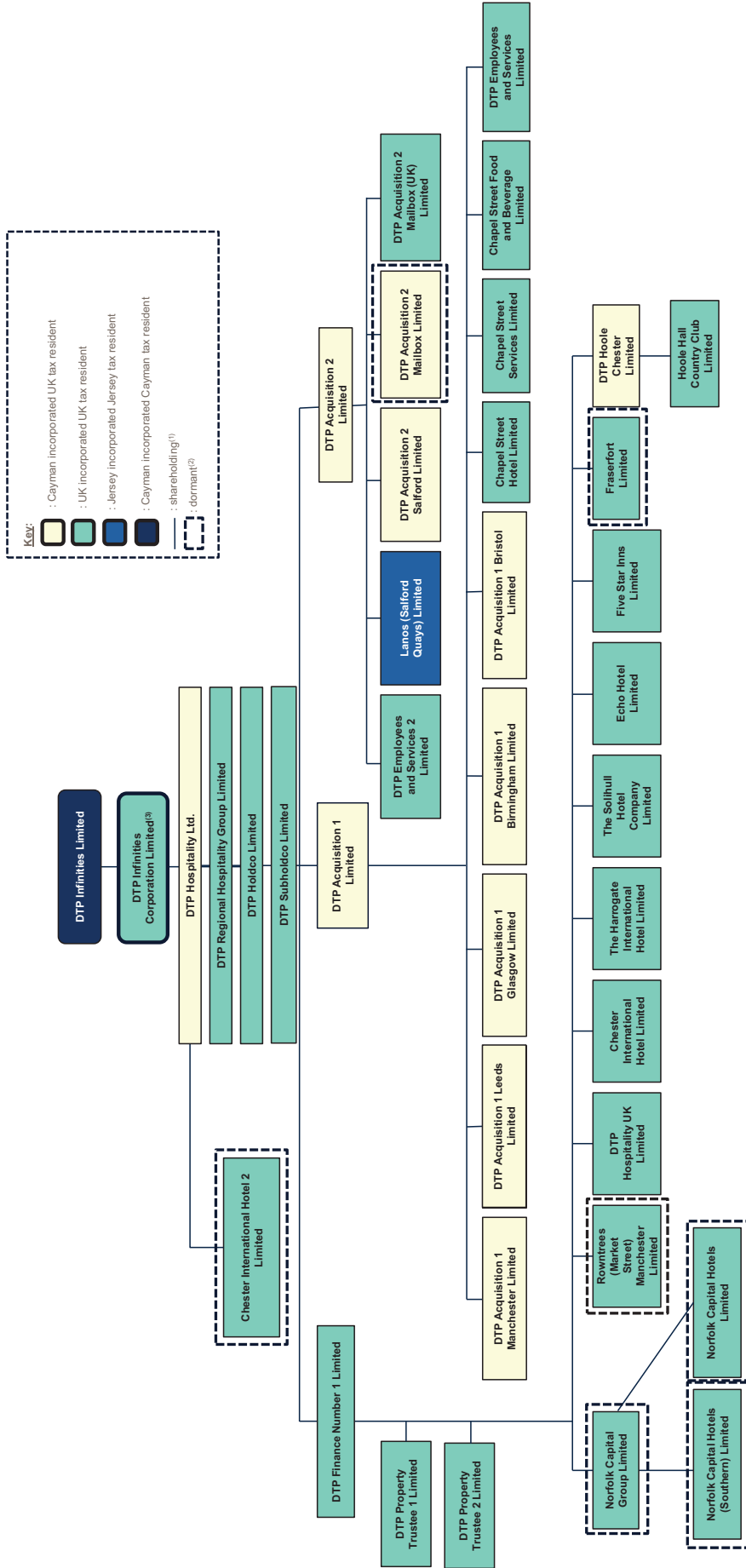


As at the Latest Practicable Date, (a) the right to use the “Crowne Plaza”, “Holiday Inn” and “Hotel Indigo” brands is licensed from IHG Hotels Limited in accordance with the franchise agreements to which it is a party; (b) the right to use the “DoubleTree by Hilton” and “Hilton Garden Inn” brands is licensed from Hilton Worldwide Manage Limited in accordance with the franchise agreements to which it is a party; and (c) the right to use the “AC Hotel by Marriott” brand is licensed from ACHM Global Hospitality Licensing S.à r.l. in accordance with the franchise agreements to which it is a party. Pursuant to such franchise agreements with the Franchisors, the relevant Target Group Companies each have a licence to use the Brand System of the Franchisors at their respective Hospitality Assets.

Please refer to Section 4 of the Target’s Letter to Shareholders titled “*History and Business of Target Group*” for further information on the business and operations of the Target Group.

LETTER TO SHAREHOLDERS

The Target Group structure immediately prior to Closing is as follows:



Further details on the Target Group are set out in the Target's Letter to Shareholders.

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3.5 Principal Terms of the Share Purchase Agreement

3.5.1 Sale and Purchase of Sale Shares

Pursuant to the terms of the SPA, the Company shall purchase from the Seller the Sale Shares, free from all encumbrances and together with all rights, privileges and advantages attaching to them as at the Closing Date.

3.5.2 Consideration

(a) The consideration for the purchase of the Sale Shares under the SPA shall be an amount equal to the Estimated Consideration (being S\$443,807,420), comprising the following:

- (i) S\$1,002,000,700, being the valuation of the Target Group (based on the SPA Valuation Report) of £596,500,000 as at 30 April 2023, as translated at the Exchange Rate ("**SPA Valuation**"); and
- (ii) deducting S\$558,193,280, being (a) S\$658,981,280, being the estimated net debt of the Target Group of £392,297,464 as at 31 July 2023, as translated at the Exchange Rate, less (b) S\$100,788,000, being the amount of an additional capitalisation of £60,000,000 of the DTP Inter Holdings Loan undertaken on 1 September 2023 (the "**Subsequent Additional Capitalisation**"), as translated at the Exchange Rate,

subject to the adjustments in the SPA as set out in sub-section (b) below (such resulting figure, being the "**Actual Consideration**").

- (b) (i) If the amount equal to the Updated Valuation less the Net Debt-2023 (which Net Debt-2023, for the avoidance of doubt, takes into account the Additional Capitalisation, including the Subsequent Additional Capitalisation, to the extent such capitalisation(s) has been carried out and completed as at the Relevant Date) (the "**Updated Net Valuation**") exceeds the Estimated Consideration by an amount (such amount, the "**Upward Adjustment Amount**") that is equal to or more than S\$22,190,371, being 5 per cent. of the Estimated Consideration (the "**Adjustment Threshold**"), the Actual Consideration shall be the Estimated Consideration plus the Upward Adjustment Amount.
- (ii) If the Updated Net Valuation is lower than the Estimated Consideration by an amount (such amount, the "**Downward Adjustment Amount**") that is equal to or more than the Adjustment Threshold, the Actual Consideration shall be the Estimated Consideration minus the Downward Adjustment Amount.
- (iii) If the Updated Net Valuation exceeds the Estimated Consideration by an amount that is less than the Adjustment Threshold, or the Updated Net Valuation is lower than the Estimated Consideration by an amount that is less than the Adjustment Threshold, or the Updated Net Valuation is equal to the Estimated Consideration, the Actual Consideration shall be the Estimated Consideration.

The use of 5 per cent. of the Estimated Consideration as the Adjustment Threshold was agreed upon following an arm's length negotiation between the Company and the Seller and the same Adjustment Threshold is utilised for both upwards and downwards adjustment to the Estimated Consideration.

LETTER TO SHAREHOLDERS

In accordance with the terms of the SPA, the Company has appointed HVS as the Independent Business Valuer to prepare the SPA Valuation Report and the Updated Valuation Report for the purpose of the Proposed Acquisition and to comply with Rule 1015 of the Catalist Rules. Based on the Updated Valuation Report, the enterprise value of the Target Group (before any deductions for net debt) as at 30 June 2023 is S\$1,010,327,468.60, (being £601,457,000 translated at the Exchange Rate). Further details of the independent valuation carried out by HVS is set out in Section 3.6 of this Circular.

- (c) On Closing, the Actual Consideration shall be fully satisfied by the allotment and issue by the Company to the Seller and/or its designated persons (as may be notified by the Seller in writing to the Company) of the Consideration Shares, being such number of Shares as determined by dividing the Actual Consideration by the Issue Price, fractions arising from such calculation (if any) to be disregarded. The Issue Price was arrived at after negotiations were conducted on an arm's length basis taking into account, *inter alia*, an agreed valuation of the Group between the Company and the Seller.

The Consideration Shares, when allotted and issued to the Seller and/or its designated persons, shall be free from encumbrances and shall rank *pari passu* in all respects with the Consolidated Shares as at the date of issuance of the Consideration Shares.

- (d) The consideration for the Sale Shares comprising the Estimated Consideration and the possible adjustments to the Estimated Consideration to arrive at the Actual Consideration was agreed at after arm's length negotiations and based on a willing-buyer willing-seller basis, taking into account the updated valuation of the Target Group, quality of assets owned by the Target Group, the Aggregate Loans Capitalisation, the market outlook of the hospitality industry, the trend of the Target Group's financial performance and future business prospects. The Company is of the view that negotiations between the Company and the Seller were carried on an arm's length basis as the Seller is not related to any of the Company's Existing Directors, Existing Controlling Shareholders, Acting Group Chief Executive Officer cum Group Financial Controller and/or their respective associates, nor, as at the date of this Circular, does the Seller hold any Shares. Further, the Actual Consideration of the Sale Shares will be dependent on the Updated Valuation and the Net Debt-2023 of the Target Group.

3.5.3 Conditions Precedent

Under the SPA, the agreement to sell and purchase the Sale Shares is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (a) the results of the due diligence investigations (including *inter alia* legal, accounting, financial and business due diligence) on the Target Group conducted by the Company and its advisers (including, without limitation, PPCF in its capacity as the Company's financial adviser in respect of the Proposed Acquisition), in connection with the listing of the Target Group on the Catalist by way of a reverse takeover of the Company, being reasonably satisfactory to the Company;

LETTER TO SHAREHOLDERS

- (b) the results of the legal, financial and technical due diligence investigations on the Group conducted by the Seller and its advisers, in connection with the listing of the Target Group on the Catalist by way of a reverse takeover of the Company, being reasonably satisfactory to the Seller;
- (c) the approval of the shareholders of the Company:
 - (i) at an EGM (the “**Purchaser’s EGM**”) for the following matters being obtained, and such approval not having been withdrawn or revoked as at the Closing Date:
 - (1) the Proposed Acquisition;
 - (2) the allotment and issue of (A) the Consideration Shares by the Company to the Seller and/or its designated persons; (B) the Conversion Shares; (C) the PPCF Shares; and (D) the Company Placement Shares;
 - (3) the appointment of directors in accordance with the terms of the SPA;
 - (4) the Proposed Whitewash Resolution;
 - (5) the Proposed Share Consolidation;
 - (6) if required, the Business Disposal;
 - (7) if required by the Seller, the adoption of a new general mandate for the directors of the Company to issue and allot new shares in the capital of the Company;
 - (8) the change in the core business of the Company to include the business of the Target Group;
 - (9) if required by the Seller, the adoption of a performance share plan and/or share option scheme; and
 - (10) if required by the Seller, the change of the auditors of the Company; and
 - (ii) at the Purchaser’s EGM or at an additional extraordinary general meeting to be convened and held prior to the Purchaser’s EGM, for the following matters being obtained, and such approval not having been withdrawn or revoked as at the Closing Date:
 - (1) the change of name of the Company to such name notified in writing by the Seller to the Company, subject to and with effect from Closing; and
 - (2) if required by the Seller, the adoption of a new constitution of the Company;

LETTER TO SHAREHOLDERS

- (d) all licences, authorisations, permits, registrations, consents and approvals necessary for the business of the Target Group having been obtained by the Target Group Companies from the relevant governmental or regulatory bodies (“**Regulatory Approvals**”) and such Regulatory Approvals remaining valid and in full force up to and including the Closing Date, and if any such Regulatory Approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to the Company;
- (e) all necessary consents, approvals and written waivers having been obtained by the Company from all relevant third parties for the Proposed Acquisition (including for change of control, which for the avoidance of doubt in this context refers to the respective meanings given under the relevant document), in such form and on terms (if any) reasonably satisfactory to the Seller, and such consents, approvals and written waivers not having been amended or revoked and remaining in full force and effect up to and including the Closing Date, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to the Seller;
- (f) all necessary consents, approvals and written waivers having been obtained by the Seller and the Target Group from all relevant third parties for the Proposed Acquisition (including for change of control, which for the avoidance of doubt in this context refers to the respective meanings given under the relevant document), in such form and on terms (if any) reasonably satisfactory to the Company, and such consents, approvals and written waivers not having been amended or revoked and remaining in full force and effect up to and including the Closing Date, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to the Company;
- (g) an unqualified opinion by the IFA in relation to the Proposed Whitewash Resolution;
- (h) the grant by the SIC of a waiver (such waiver not having been withdrawn or revoked as at the Closing Date) to the Seller and parties acting in concert with the Seller, of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not held by the Seller and its concert parties, and from having to comply with the requirements of Rule 14 of the Code upon Closing and the allotment and issue of the Consideration Shares and the Conversion Shares to the Seller in accordance with the terms of the SPA, and if such waiver is subject to any condition or restriction imposed by the SIC (other than such conditions set out in Appendix 1 of the Code), such condition and/or restriction being reasonably acceptable to the Seller;
- (i) the SGX-ST Clearance, and such approval not having been withdrawn or revoked, and if such approval is subject to any condition or restriction imposed by the SGX-ST, such condition and/or restriction being reasonably acceptable to the Seller;
- (j) completion of the Business Disposal;
- (k) completion of the Proposed Compliance Placement (whether before or on the Closing Date);
- (l) the issuance by the Independent Business Valuer (appointed by the Company) of the SPA Valuation Report;

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- (m) completion of Net Debt Statement; and
- (n) (i) completion of the Additional Capitalisation and (ii) the Target Company ceasing, directly or indirectly, to hold any interest in DTP Management Limited and Valor and their respective subsidiaries and other downstream interests.

If the conditions precedent above are not satisfied or waived on or before the date falling 12 months from the date of the SPA, or such later date falling no more than 18 months from the date of the SPA as may be agreed in writing between the Company and the Seller (each acting reasonably), save as expressly provided, the SPA (other than the surviving provisions) shall lapse and neither the Seller nor the Company shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA or otherwise provided in the terms of the SPA as set out in Section 3.5.9 of this Circular below.

3.5.4 PCL Loan and Seller's Loan

- (a) In connection with the SPA, the Company and Phileo Capital (its controlling shareholder) have entered into the PCL Loan Agreement. Under the terms of the PCL Loan Agreement, Phileo Capital has agreed to grant the PCL Loan to the Company, and the Company shall utilise the PCL Loan towards payment of such portions of the Agreed Costs II which have become due and payable (such aggregate amount of the utilised PCL Loan to be referred to as the "**PCL Loan Utilised Amount**"). Any part of the loan facility granted under the PCL Loan Agreement in excess of the PCL Loan Utilised Amount shall be repaid to Phileo Capital upon Closing or upon termination or lapse of the SPA (as the case may be).
- (b) Separately, in connection with the SPA, the Seller and the Company have entered into the Seller's Loan Agreement to supplement the existing PCL Loan granted to the Company by Phileo Capital. Pursuant to the Seller's Loan Agreement, the Seller shall make available to the Company the Seller's Loan for the purpose of payment of the Agreed Costs which have become due and payable (such aggregate utilised portion of the Seller's Loan to be referred to as the "**Utilised Amount**") from the date of the SPA to and including the seventh Business Day after the Closing Date ("**Availability Period**"). On the expiry of the Availability Period, the amount of the Seller's Loan which are not utilised by the Company in accordance with the terms of the SPA within the Availability Period shall be automatically cancelled.
- (c) In connection with sub-sections (a) and (b) above, subject to Closing, the Company shall allot and issue to Phileo Capital and the Seller the PCL Loan Conversion Shares and the Conversion Shares, respectively, being such number of Shares as determined by dividing the PCL Loan Utilised Amount and the Utilised Amount (as the case may be) by the Issue Price, fractions arisen from such calculation (if any) to be disregarded, as full repayment of the PCL Loan Utilised Amount and the Utilised Amount. The PCL Loan Conversion Shares and the Conversion Shares shall be issued free from encumbrances and ranking *pari passu* in all respects with the Consolidated Shares as at the date of issuance of the PCL Loan Conversion Shares and the Conversion Shares (as the case may be). In the event the PCL Loan Conversion Approval has not been obtained by Closing, the Company shall make repayment of the PCL Loan Utilised Amount in cash to the Phileo Capital, no earlier than 30 days after Closing.

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3.5.5 The Company's Obligations

- (a) The Company undertakes (i) not to increase the number of directors of the Company prior to Closing; and (ii) to appoint not less than nine persons nominated by the Seller as directors of the Company with effect from Closing in a manner prescribed by the SPA which requires seeking Shareholders' approval for the directors' appointment at the EGM.

For the avoidance of doubt, the Seller has only nominated seven persons to be appointed as directors of the Company and is not entitled under the SPA to nominate any new directors after Closing.

- (b) The Company undertakes that, prior to Closing, the Company shall, subject to the terms of the SPA and on terms reasonably satisfactory to the Seller, complete the liquidation or disposal of the Existing Business ("**Business Disposal**") for cash, including but not limited to:
- (i) the liquidation of 3Cnergy Sdn Bhd, which the Company shall use best endeavours to complete prior to Closing; and
 - (ii) the disposal for cash of OSSB and 3CPC, and the waiver and release of all liabilities (including contingent liabilities) of the Company to OSSB and 3CPC on or before the completion of such disposal,

and pay and/or repay all outstanding liabilities (including contingent liabilities) in connection with the Existing Business, such that, as at Closing, the Company shall not have any business nor any residual liabilities relating to the Existing Business or the liquidation or disposal of the Existing Business.

For the purpose of sub-section (b)(i) above, the Company has notified the Seller that the Company has initiated and commenced the process to liquidate 3Cnergy Sdn Bhd and that the indicative date to complete the liquidation is 16 January 2024. Notwithstanding the foregoing, the Company shall use its best endeavours to expedite and complete the liquidation of 3Cnergy Sdn Bhd on or before Closing. In the event such liquidation cannot be completed on or before Closing despite the best endeavours of the Company, the Parties shall discuss in good faith the manner in which 3Cnergy Sdn Bhd and/or its business shall be disposed to achieve the Business Disposal with no additional liabilities (including contingent liabilities), costs or expenses to the Company after the Closing.

- (c) The Company represents, warrants and undertakes to the Seller that it has accepted the PCL Loan, which has been disbursed in full to the Company as at the date of the SPA, subject to the following terms:
- (i) the PCL Loan shall be for the purpose of and shall only be utilised for payment by the Company of the Agreed Costs II;
 - (ii) before Closing, the Company shall use its best endeavours to seek the approval of the Shareholders ("**PCL Loan Conversion Approval**") for the allotment and issuance by the Company to Phileo Capital of the PCL Loan Conversion Shares, in such number as determined by dividing the PCL Loan Utilised Amount by the Issue Price, fractions to be disregarded; and

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(iii) at Closing:

- (1) if PCL Loan Conversion Approval has been obtained by Closing, the Company shall issue the PCL Loan Conversion Shares to Phileo Capital, as full repayment of the PCL Loan Utilised Amount; or
- (2) if PCL Loan Conversion Approval has not been obtained by Closing, the Company shall make repayment in cash to Phileo Capital of the PCL Loan Utilised Amount, no earlier than 30 days after Closing,

and the aggregate amount of the PCL Loan which is not utilised as at Closing shall be returned to Phileo Capital.

3.5.6 Qualifications of Seller's Warranties

- (a) The Seller warrants and represents to the Company that the Seller's Warranties under the SPA are true and accurate and not misleading as at the date of the SPA, and will be true and accurate and not misleading at Closing as if they had been repeated at Closing.
- (b) The Seller's Warranties are subject to matters which are fairly disclosed in or pursuant to the SPA, the Disclosure Letter, or subject to the terms of the SPA as set out in sub-section (d) below, the Additional Information, provided that such matters are disclosed in sufficient detail to enable the Company to assess the matter concerned and its likely impact on any Target Group Company.
- (c) The Seller may, within 50 Business Days from the date of the SPA or, if earlier, the date of issuance by CMS, the legal adviser of the Seller and Target Company as to English Law except in relation to the Facility Agreements, of its final legal due diligence report on the Target Group Companies in relation to the Proposed Acquisition (the "**Disclosure Cut-Off Date**"), provide further documents or information to the Company, including by supplementing the Disclosure Letter and/or by providing to the Company, among other things, such final legal due diligence report, the internal auditor report on the Target Group Companies and any other due diligence reports and certificates of title to be prepared or provided by the Seller's advisers, in relation to the Proposed Acquisition (the "**Additional Information**").
- (d) The Company shall have a period of 10 Business Days from the Disclosure Cut-Off Date to review the Additional Information ("**Review Period**"). During the Review Period, if the Additional Information has a Material Adverse Effect, the Company may give notice in writing to the Seller that the Additional Information has a Material Adverse Effect. In the event that the Company does not give such notice to the Seller within the Review Period, the Additional Information shall be deemed to operate as a disclosure made as at the date of the SPA to which the Seller's Warranties are subject, provided that no Additional Information shall operate as a disclosure to, or otherwise qualify, any Fundamental Warranty.

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3.5.7 Company's Right to Termination

If, at any time after the expiry of the Review Period and prior to Closing, the Seller is:

- (a) in breach of any Seller's Warranties which are qualified as to materiality or any Fundamental Warranties; or
- (b) in material breach of any Seller's Warranties which are not qualified as to materiality (other than the Fundamental Warranties),

or would be if the Seller's Warranties were repeated at that time, and (i) if such breach or material breach is capable of remedy, the Seller fails to remedy such breach or material breach to the satisfaction of the Company within 30 days, or such longer period as may be agreed between the parties to the SPA in writing, of receipt of written notice from the Company of such breach or material breach; and (ii) such breach or material breach has a Material Adverse Effect, the Company shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to the Seller to terminate the SPA (other than the specified surviving provisions in the SPA).

3.5.8 Limitations of Sellers' Liability

The Seller's liability under the SPA is subject to limitations which include the following:

(a) Time limitations

The Seller shall not be liable under the SPA in respect of any claim unless a notice of the claim is given by the Company to the Seller:

- (i) in the case of any claim under the Fundamental Warranties, within six (6) years following Closing;
- (ii) in the case of any claim under the warranties relating to taxes of any Target Group Companies, within four (4) years following Closing; and
- (iii) in the case of any other claim, within twenty-four (24) months following Closing.

(b) Minimum Claims and Aggregate Minimum Claims

- (i) The Seller shall not be liable under the SPA in respect of any individual claim (or a series of claims arising from substantially identical facts or circumstances) where the liability agreed or determined (disregarding the provisions of the SPA as set out in this sub-section) in respect of any such claim or series of claims does not exceed 0.1 per cent. of the Actual Consideration. Where the liability agreed or determined in respect of any such claim or series of claims exceeds 0.1 per cent. of the Actual Consideration, subject as provided in the terms of the SPA, the Seller shall be liable for the aggregate amount of all claims as agreed or determined.

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- (ii) The Seller shall not be liable under the SPA in respect of any claim unless the aggregate amount of all claims for which the Seller would otherwise be liable under the SPA (disregarding the provisions of the SPA as set out in this sub-section) exceeds 0.5 per cent. of the Actual Consideration. Where the liability agreed or determined in respect of all such claims exceeds 0.5 per cent. of the Actual Consideration, subject to the terms of the SPA, the Seller shall be liable for the aggregate amount of all claims as agreed or determined.

(c) Maximum liability

- (i) The aggregate liability of the Seller in respect of all claims for breaches of the Fundamental Warranties shall not exceed 100 per cent. of the Actual Consideration.
- (ii) The aggregate liability of the Seller in respect of all claims for breaches of the warranties relating to taxes of any Target Group Companies, and all other breaches under the SPA shall not exceed 50 per cent. of the Actual Consideration.
- (iii) Notwithstanding anything in the SPA, the maximum aggregate liability of the Seller in respect of all claims under the SPA shall not exceed 100 per cent. of the Actual Consideration.

3.5.9 Costs and Expenses in relation to the Proposed Acquisition

- (a) Subject to terms of the SPA as set out in sub-sections (c) to (e) below, the Seller shall bear (i) all costs incurred by the Seller in connection with the preparation, negotiation and entry into of the SPA; and (ii) subject also to sub-section (b) below, the Agreed Costs.
- (b) Subject to terms of the SPA as set out in sub-sections (c) to (e) below, the Company shall bear (i) all costs incurred by the Company in connection with the preparation, negotiation and entry into of the SPA; and (ii) (1) the costs of the legal counsel (whether local or foreign (if applicable)) appointed by it in connection with the Proposed Acquisition, (2) the costs of the IFA, (3) any costs of the professionals to be appointed or relied on by the Company in connection with the Proposed Acquisition in excess of the Agreed Costs, and (4) the Agreed Costs II.
- (c) In the event that:
 - (i) a party to the SPA (such party, the “**Non-Defaulting Party**”, and the other party, the “**Defaulting Party**”) terminates the SPA pursuant to terms under the SPA; or
 - (ii) a party to the SPA (such party, the “**Defaulting Party**”, and the other party, the “**Non-Defaulting Party**”) fails to comply with its obligations under the SPA to use its best endeavours to ensure the satisfaction of the Conditions Precedent it is responsible for, and the SPA lapses as a result of such failure,

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the Defaulting Party shall bear all costs incurred by the Defaulting Party and the Non-Defaulting Party in connection with the preparation, negotiation and entry into of the SPA and the Proposed Acquisition up to and including the date on which the SPA is terminated or lapses, as the case may be (the “**Relevant Costs**”). In connection with the foregoing, each party to the SPA covenants with the other party to indemnify and save harmless the other party from and against any and all Relevant Costs which the other party may at any time and from time to time sustain, incur or suffer.

- (d) In the event that the SPA lapses otherwise than due to a failure of a party to comply with its obligations to use its best endeavours to ensure the satisfaction of the Conditions Precedent it is responsible for, and accordingly, sub-section (c)(ii) above does not apply, each party to the SPA shall bear all costs and expenses incurred by it or its advisers in relation to the Proposed Acquisition, including such costs allocated to each party pursuant to the terms of the SPA as set out in sub-sections (a) and (b) above.
- (e) The Parties agree that notwithstanding sub-sections (a) and (b) above, in the event of Closing, the Company shall bear all the Agreed Costs incurred, and that the Utilised Amount drawn down by the Company for the payment of the Agreed Costs shall be repaid to the Seller by the allotment and issuance of the Conversion Shares in accordance with the terms of the SPA as set out in Section 3.5.4(c) of this Circular.

3.6 Independent Valuation

HVS was appointed by the Company as the Independent Business Valuer to perform an independent valuation on the Target Group and its property for the purpose of the Proposed Acquisition and to comply with Rule 1015 of the Catalist Rules.

The Independent Business Valuer has prepared the SPA Valuation Report and the Updated Valuation Report on the same valuation methodology, namely the discounted cash flow method and on the basis of the “as-is” market value of the Hospitality Assets, and taking into consideration, *inter alia*, the ongoing improvement works and planned asset enhancement initiatives and capital expenditure being undertaken by the Target Group. The planned asset enhancement initiatives comprise planned capital expenditures such as expenditures for Room Additions, Spa Enhancement, Bedroom Refurbishment and Other Asset Enhancements (“**Planned Capital Expenditures**”) (for more details, please refer to Section 5.2 of the Target’s Letter to Shareholders titled “*Competitive Strengths – Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment*”).

Based on the SPA Valuation Report and the Updated Valuation Report, the enterprise values of the Target Group (being the value before any deductions for net debt) as at 30 April 2023 and 30 June 2023 are £596,500,000 and £601,457,000 respectively (S\$1,002,000,700 and S\$1,010,327,468.60 respectively as translated at the Exchange Rate). A copy of the Summary Valuation Letter which set out a summary of the information contained in the Updated Valuation Report is reproduced in Appendix E of this Circular.

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In the event that the Planned Capital Expenditures are not taken into account, based on the Independent Business Valuer's valuation, the Target Group would have an enterprise value of approximately £578,652,000 (that is, S\$972,019,629.60, as translated at the Exchange Rate) as at 30 June 2023, which is 3.8% (or £22,805,000 (that is, S\$38,307,839, as translated at the Exchange Rate)) lower than the Target Group's Updated Valuation. While the Planned Capital Expenditures are discretionary in nature, the Existing Directors consider them to be relevant inclusions in the preparation of the SPA Valuation Report and the Updated Valuation Report as:

- (a) the Existing Directors have noted the Target Group's future plans include the Room Additions, Spa Enhancement, Bedroom Refurbishment and Other Asset Enhancements (for more details, please refer to Section 6.3 of the Target's Letter to Shareholders titled "*Future Plans – Asset enhancement, capital expenditure and portfolio expansion to increase yield*") and a portion of the net proceeds from the Proposed Compliance Placement has been allocated for such purposes. The Existing Directors understand that such asset enhancements are common in the hospitality industry and are motivated by market demands or driven by the competitive environment of the industry, and unless challenged by market conditions, the Enlarged Group will likely implement them in accordance with the future plans; and
- (b) when implemented, these assets enhancements would provide additional value-added opportunities to the Enlarged Group and therefore contribute economic benefits to the Enlarged Group post-Closing (for more details, please refer to Section 5.2 of the Target's Letter to Shareholders titled "*Competitive Strengths – Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment*").

The Sponsor has considered and is in agreement with the views of the Existing Directors above.

The Independent Business Valuer is a global consulting firm focused exclusively on the hospitality industry having a network of expert hotel appraisers who have analysed more than 6,000 markets worldwide. The valuation of the Target Group was led by Ms. Chee Hok Yean, who is the president of HVS, Asia Pacific. It is further noted that Ms. Chee has obtained a Bachelor's Degree (Honours) in Estate Management (NUS) and a Certification in Real Estate, Development and Hotel Investment (Cornell University), and has over 35 years of industry experience undertaking valuations and advisory assignments in more than 30 markets across 23 countries including Singapore and Thailand. Ms. Chee has previously held roles in Jones Lang LaSalle Singapore from 1986 to 2010 and with Chestertons Singapore from 2013 to 2015. She is a licensed appraiser registered with the Inland Revenue Authority of Singapore, a member of the Royal Institution of Chartered Surveyor, and member of the Singapore Institute of Surveyors and Valuers. The Independent Business Valuer has worked closely with its UK counterpart to assess the property valuation of the hospitality assets. In view of the foregoing, the Existing Directors are of the view that the valuation was conducted by qualified and competent valuation professionals with the relevant experience in performing valuation for the Target Group. Further, the Existing Directors are of the view that the key assumptions and estimates used in the valuation exercise are reasonable and that valuation conclusion and limitations as disclosed in the Summary Valuation Letter and the Updated Valuation Report are acceptable.

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3.7 Relative Figures under Rule 1006 of the Catalist Rules

Pursuant to Rule 1015 of the Catalist Rules, Shareholders' approval, amongst others, must be obtained for a "very substantial acquisition" or "reverse takeover" as defined in Chapter 10 of the Catalist Rules. Rule 1006 of the Catalist Rules sets out the computations for relative figures, and where any of the relative figures is 100% or more, or if the transaction is one which will result in the change in control of a listed company, such a transaction is a "very substantial acquisition" or "reverse takeover".

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest announced audited consolidated financial statements of the Group for FY2022, are as follows:

Rule 1006	Bases of Calculation	Relative Figures
(a)	The net asset value of the assets to be disposed of as compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profit attributable to the Target Group, compared with the Group's net profit	(1,238)% ⁽²⁾
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	6,891% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company in issue	4,385% ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Computed based on the Target Group's audited net loss for FY2022 of approximately S\$77,471,755, translated at an exchange rate of £1: S\$1.7032 (the average exchange rate for FY2022 as extracted from the MAS' website) and the Group's audited net profit for FY2022 of approximately S\$6.3 million. Net profit/(loss) is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Computed based on the Estimated Consideration of S\$443,807,420, and the Company's market capitalisation of approximately S\$6,134,108 (computed based on the Company's issued ordinary share capital of 3,067,053,978 shares and the volume weighted average price of the Shares of S\$0.0020 on 18 October 2023, being the last market day prior to the date of the second supplemental agreement to the conditional share purchase agreement entered into between the Company and the Seller on which there was trading). The Company does not have any treasury Shares.
- (4) Based on 1,344,870,969 Consideration Shares (on assumption that the Actual Consideration shall be S\$443,807,420 based on the valuation of the Target Group as set out in the SPA Valuation Report) and the Company's ordinary issued share capital of 30,670,537 shares as at the date of the Announcement (on a post-Share Consolidation basis).
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

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As the relative figures computed under Rules 1006(c) and (d) of the Catalist Rules exceed 100%, and given that a change in control of the Company will arise immediately upon Closing as the Seller will hold approximately 97.6% of the enlarged issued share capital of the Company upon Closing and after the issuance of Consideration Shares, Conversion Shares, PCL Loan Conversion Shares and PPCF Shares, the Proposed Acquisition would constitute a “reverse takeover” pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of Shareholders at the EGM as well as the approval of the SGX-ST.

4. THE PROPOSED SHARE CONSOLIDATION

4.1 Details of the Proposed Share Consolidation

In connection with the Proposed Acquisition and to comply with the minimum issue price of S\$0.20 set out under Rule 1015(3)(c) of the Catalist Rules (“**Minimum Issue Price**”), the Company proposes to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every one hundred (100) existing Shares into one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their shareholdings as at the Share Consolidation Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation may be dealt with in such manner as the Existing Directors may, in their absolute discretion, deem fit in the interests of the Company including aggregating and selling the same and retaining the net proceeds for the benefit of the Company and/or purchasing of any or all of the fractional Consolidated Shares and retaining the net proceeds of the share purchase for the benefit of the Company.

For illustrative purposes, if a Shareholder holds 1,099 Shares as at the Share Consolidation Record Date, following the Proposed Share Consolidation and rounding down to the nearest whole Consolidated Share and disregarding any fractions of Consolidated Shares arising from the Proposed Share Consolidation, the Shareholder will be entitled to 10 Consolidated Shares. For further illustration, please refer to the illustration table below which reflects generally the changes to be made to a Shareholder’s size of shareholding pursuant to the Proposed Share Consolidation.

Size of Shareholding	
Before Share Consolidation	After Share Consolidation
100 – 999	1 – 9 ⁽¹⁾
1,000 – 9,999	10 – 99 ⁽¹⁾
10,000 – 99,999	100 – 999
100,000 – 999,999	1,000 – 9,999
1,000,000 and above	10,000 and above

Note:

(1) Shareholders whose shareholdings fall under this range can only trade their Shares on the SGX unit share market.

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Shareholders are reminded to check their respective shareholdings in the Company after the Share Consolidation Record Date before trading.

As at the Latest Practicable Date, the Company's issued and paid-up share capital comprises 3,067,053,978 Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital comprising approximately 30,670,537 Consolidated Shares.

Shareholders should also note that although the trading price per Consolidated Share should theoretically be proportionately higher than the trading price per Share prior to the Proposed Share Consolidation, there can be no assurance that the Proposed Share Consolidation will achieve the desired results nor is there assurance that such results (if achieved) can be sustained in the longer term.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Company. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Subject to approval of Shareholders being obtained for the Proposed Share Consolidation at the EGM, the number of Consolidated Shares held by Shareholders arising from the Proposed Share Consolidation will be ascertained on the Share Consolidation Record Date.

4.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation is to be undertaken in connection with the Proposed Acquisition and the Proposed Compliance Placement so as to ensure compliance with the Minimum Issue Price on Closing.

The proposed consolidation ratio of every one hundred (100) existing Shares for one (1) Consolidated Share was derived having taken into consideration (i) the resultant number of odd lots; (ii) the required Minimum Issue Price pursuant to Rule 1015(3)(c) of the Catalist Rules; and (iii) the volatility in the Company's share price when trading resumes, by providing for a reasonable buffer.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

4.3 Conditions of the Proposed Share Consolidation

The implementation of the Proposed Share Consolidation is subject to Shareholders' approval by way of an Ordinary Resolution at the EGM. An announcement will be made by the Company to notify the Shareholders of the Share Consolidation Record Date, and the Effective Trading Date.

Shareholders should note that the Proposed Share Consolidation is subject to Shareholders' approval and that under the SPA, Shareholders' approval for the Proposed Share Consolidation is a condition precedent to Closing. If Shareholders' approval of the Proposed Share Consolidation is not obtained and/or the Proposed Share Consolidation is not undertaken, Closing will not take place. Shareholders should refer to Section 1.3 of this Circular titled "*Inter-conditionality of the Resolutions*" on the inter-conditionality of the Resolutions contained in this Circular.

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4.4 Effect of the Proposed Share Consolidation

After the Proposed Share Consolidation, each Consolidated Share shall rank *pari passu* in all respects with each other and the Consolidated Shares will continue to trade in board lots of 100 Shares on the SGX-ST. Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation can trade in odd lots of the Consolidated Shares on the SGX-ST's Unit Share Market.

4.5 Administrative Procedures

4.5.1 General

Shareholders should note that the number of Consolidated Shares which they will be entitled to, pursuant to the Proposed Share Consolidation based on their holdings of the existing Shares as at the Share Consolidation Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Affected Shareholders will not be paid for any fractional Consolidated Shares which are disregarded.

The Proposed Share Consolidation will not involve any diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holding of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Share Consolidation Record Date.

Shareholders who hold less than one hundred (100) existing Shares as at the Share Consolidation Record Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of one hundred (100) existing Shares prior to the Share Consolidation Record Date.

4.5.2 Updating Register of Members and Depository Register

If the Shareholders approve the Proposed Share Consolidation, the Register of Members of the Company and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders and Depositors based on their shareholdings in the Company as at the Share Consolidation Record Date. Trading will be in board lots of one hundred (100) Consolidated Shares on the Effective Trading Date.

(a) Deposit of share certificates with CDP

If any Shareholder holds old physical share certificates for the existing Shares in his own name ("**Old Share Certificates**") and wishes to deposit the same with CDP and have his Consolidated Shares (after the Proposed Share Consolidation) credited to his Securities Account, he must deposit the Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, at least twelve (12) Market Days before the Share Consolidation Record Date.

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After the Share Consolidation Record Date, CDP will only accept for deposit new share certificates for Consolidated Shares (“**New Share Certificates**”). If any Shareholder wishes to deposit his New Share Certificates with CDP after the Share Consolidation Record Date, he must first deliver his Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 9 Raffles Place, #26-01 Republic Plaza, Tower I, Singapore 048619, for cancellation and issuance of replacement New Share Certificates as described below.

(b) Issue of new share certificates

If a Shareholder has deposited his Old Share Certificates with CDP at least twelve (12) Market Days before the Share Consolidation Record Date, he need not take any action. The Company will arrange with CDP to facilitate the exchange of the New Share Certificates.

If a Shareholder has not deposited at least twelve (12) Market Days prior to the Share Consolidation Record Date or does not wish to deposit his Old Share Certificates with CDP, he is advised to forward all such Old Share Certificates to the Share Registrar as soon as possible after he has been notified of the Share Consolidation Record Date, and preferably not later than five (5) Market Days after the Share Consolidation Record Date for cancellation and exchange for New Share Certificates. The Share Registrar will not issue a receipt for the Old Share Certificates received. The New Share Certificates will be sent by ordinary mail to the Shareholder’s registered address at his own risk within ten (10) Market Days from the Share Consolidation Record Date or the date of receipt of the Old Share Certificates, whichever is the later.

The New Share Certificates will not be issued to the Shareholder unless his Old Share Certificates have been tendered to the Share Registrar for cancellation. A Shareholder is to notify the Share Registrar if he has lost any of his Old Share Certificates or if there is any change in his address from that reflected in the Register of Members.

Shareholders are reminded to deliver their Old Share Certificates to the Share Registrar or the CDP in accordance with the provisions set out above after the Company’s announcement of the Share Consolidation Record Date.

Shareholders who hold physical share certificates are reminded that their Old Share Certificates will not be valid for settlement of trading in the Consolidated Shares on Catalist but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificate will not be valid for delivery for trades done on Catalist although they will continue to be prima facie evidence of legal title.

4.6 **Trading Arrangements for the Consolidated Shares and Odd Lots**

4.6.1 **Trading arrangements for the Consolidated Shares**

Subject to Shareholders’ approval for the Proposed Share Consolidation, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of one hundred (100) Consolidated Shares.

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4.6.2 Trading arrangements for odd lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The existing Shares are currently traded in board lots of one hundred (100) Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Shareholders may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of one hundred (100) Consolidated Shares). Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST should note that the SGX-ST's Unit Share Market has been set up to allow trading in odd lots with a minimum size of one (1) share on the SGX-ST. The SGX-ST's Unit Share Market will enable trading in odd lots in any quantity less than one board lot of the underlying shares in the ready market. However, Shareholders should note that the market for trading such odd lots of Consolidated Shares may be illiquid and they may have to bear disproportionate transaction costs in trading their shares in the unit share market.

Accordingly, to avoid any odd lots being held after the completion of the Proposed Share Consolidation, Shareholders are advised to, no later than two (2) Market Days prior to the Share Consolidation Record Date, purchase additional Shares or dispose part of their existing Shares such that their shareholding in the Company as at the Share Consolidation Record Date shall be as close as possible to a multiple of 10,000.

5. THE PROPOSED ALLOTMENT AND ISSUANCE OF PPCF SHARES

Upon Closing, the Company shall allot and issue 1,970,000 PPCF Shares at the Issue Price (with an aggregate value of S\$650,000) as part of PPCF's professional fees as the Sponsor and Financial Adviser to the Company in respect of the Proposed Acquisition pursuant to PPCF's terms of engagement. Each PPCF Shares, when allotted and issued, shall rank *pari passu* in all respects with the Consolidated Shares as at the date of issuance of the PPCF Shares.

The PPCF Shares represents 0.12% of the Enlarged Share Capital.

After the expiry of the relevant moratorium period as set out in Section 15.6 of this Circular titled "*Moratorium*", PPCF may at its discretion dispose of its shareholding interests in the Company.

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6. THE PROPOSED DISPOSAL

6.1 Details of the Proposed Disposal

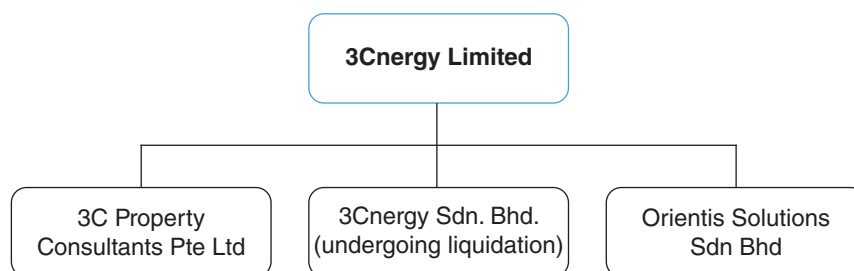
Pursuant to the terms of the SPA, the Company undertakes that it shall, prior to Closing, complete the Proposed Disposal on terms reasonably satisfactory to the Seller.

As disclosed in the announcement on 6 July 2023, the Company has entered into separate conditional sale and purchase agreements (collectively, the “**Disposal SPAs**”, and each a “**Disposal SPA**”) with each of Ms. Low and a Ms. Chai on 6 July 2023, pursuant to which the Company shall sell, and Ms. Low and Ms. Chai shall purchase, the entire issued share capital of 3CPC and OSSB, respectively, free from all encumbrances and together with all rights attaching to them as at the date of completion of the sale and purchase (such date of completion, the “**Disposal Completion**”).

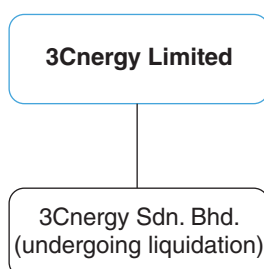
OSSB is an integrated property development management firm offering architectural design, project financial feasibility assessment, engineering expertise and construction management services, while 3CPC provides real estate valuation and appraisal services on properties ranging from HDB flats, private residential, commercial and industrial properties in Singapore. As at the Latest Practicable Date, each of OSSB and 3CPC has minimal business operations and no substantial assets. Based on the unaudited interim consolidated financial statements of the Group for the half year ended 30 June 2023, the aggregate revenue and net loss contributed by OSSB and 3CPC for the six months ended 30 June 2023 was approximately S\$36,000 and S\$16,000, respectively.

The Group structure before and after the Proposed Disposal is shown below:

Group Structure immediately prior to the Proposed Disposal



Group Structure immediately after the Proposed Disposal



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Each of Ms. Low and Ms. Chai was introduced to the Group by former management of the Company to facilitate the Business Disposal. Ms. Low was previously an employee of the Group when the Company was operating under the name of 'HSR Global Limited', and Ms Chai is a personal contact of an ex-director of OSSB. Further, Ms. Low and Ms. Chai are employees of The Edge Property Pte. Ltd. and The Edge Communications Sdn. Bhd., respectively, each of which are beneficially owned by Tan Sri Tong, one of the Existing Controlling Shareholders.

Save as disclosed above, each of Ms. Low and Ms. Chai is not an associate of, or has any professional or business relationship with, the Company, the Existing Directors and/or any Existing Controlling Shareholders.

Prior to the abovementioned introduction, the Company has made attempts and was unable to secure any interested buyers for 3CPC and OSSB, primarily due to 3CPC and OSSB having minimal business operations and prospects.

6.2 Principal Terms of the Disposal SPAs

6.2.1 The consideration for the entire issued share capital of 3CPC and OSSB comprise the following:

- (a) in respect of the entire issued share capital of 3CPC ("**3CPC Shares**"), an aggregate sum of S\$25,500 ("**3CPC Consideration**"); provided that in the event any part of a security deposit of S\$7,500 paid by 3CPC to the HDB in connection with the appointment of 3CPC as a valuer on HDB's panel ("**HDB Deposit**") shall be utilised, deducted or forfeited by the HDB for any reason whatsoever on or before completion of the sale and purchase of the 3CPC Shares, other than through the fault of Ms. Low, the 3CPC Consideration shall be reduced by such amount equivalent to the part of the HDB Deposit that is utilised, deducted or forfeited by HDB; and
- (b) in respect of the entire issued share capital of OSSB ("**OSSB Shares**"), an aggregate sum of RM1,000 (approximately S\$291 based on an exchange rate of S\$1: RM3.44 as at 5 July 2023) ("**OSSB Consideration**"),

(collectively, the "**Disposal Consideration**") payable in cash.

6.2.2 The agreement to sell and purchase the 3CPC Shares and OSSB Shares is conditional upon the satisfaction of the conditions set out in the SPA (other than the completion of the Business Disposal, the Proposed Compliance Placement, and the preparation of the Net Debt Statement). In the event the SPA is terminated for any reason whatsoever before the completion of the Proposed Disposal, the Disposal SPAs shall automatically terminate.

6.2.3 Pursuant to the terms of the Disposal SPAs, the Company undertakes that at Disposal Completion the following amount of cash shall be maintained in 3CPC's and OSSB's bank accounts:

- (a) S\$10,000 in the 3CPC's bank account held and maintained with United Overseas Bank Limited;
- (b) S\$8,000 in the 3CPC's bank account held and maintained with CIMB Bank Berhad; and
- (c) RM1,000 in OSSB's bank account held and maintained with Public Bank Berhad.

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- 6.2.4 The Disposal Consideration was agreed between the parties on a willing-buyer willing-seller basis and was arrived at by the Company after taking into account the NAV of each of 3CPC and OSSB (including the cash and HDB Deposit to be held to the credit of 3CPC and OSSB as at Disposal Completion), the future business prospects of 3CPC and OSSB and the Group's intent to wind down their operations, as well as the rationale for the Proposed Acquisition as set out in Section 3.2 of this Circular titled "*Rationale for the Proposed Acquisition*".
- 6.2.5 Pursuant to the Disposal SPAs, each of Ms. Low and Ms. Chai has granted the Company an option to require each of Ms. Low and Ms. Chai to sell the 3CPC Shares and OSSB Shares, respectively, to the Company for an aggregate sum equivalent to the consideration paid for such 3CPC Shares and OSSB Shares (each an "**Option**"). Each Option:
- (a) shall be exercisable by written notice at the sole and absolute discretion of the Company in the event the SPA shall be terminated for any reason whatsoever after Disposal Completion; and
 - (b) shall automatically terminate upon: (i) the SPA being completed in accordance with its terms; or (ii) the Disposal SPA being terminated for any reason whatsoever prior to Disposal Completion.

6.3 NAV of 3CPC and OSSB

Based on the latest audited consolidated financial statements of the Company for FY2022:

- (a) the NAV of 3CPC and OSSB was S\$116,788 and S\$29,979, respectively; and
- (b) 3CPC and OSSB's aggregate audited net profit for FY2022 is approximately S\$380,175, comprising net loss attributable to 3CPC of approximately S\$514 and net profit attributable to OSSB of approximately S\$380,689.

Based on the NAV of 3CPC and OSSB:

- (i) the disposal of 3CPC at the 3CPC Consideration represents a deficit of S\$91,288 over the NAV of 3CPC; and
- (ii) the disposal of OSSB at the OSSB Consideration represents a deficit of approximately S\$29,688 (based on an exchange rate of S\$1:RM3.44 as at 5 July 2023) over the NAV of OSSB.

In aggregate, the disposal of 3CPC and OSSB is expected to result in an estimated loss on disposal of approximately S\$120,976.

6.4 Pro Forma Financial Effects of the Proposed Disposal

The *pro forma* financial effects of the Proposed Disposal on the NTA and earnings of the Group are set out in Section 13 of this Circular titled "*Financial Effects of the Proposed Transactions*".

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6.5 Relative Figures under Rule 1006 of the Catalyst Rules

Rule 1005 of the Catalyst Rules provides that separate transactions completed within the last twelve (12) months may be aggregated and treated as if they were one transaction for the purpose of determining the classification of a transaction pursuant to Rule 1004 of the Catalyst Rules. The Company has consulted with its sponsor, and given that the sale of the 3CPC Shares and the OSSB Shares are carried out concurrently and in connection with the Proposed Acquisition, the aggregation rule pursuant to Rule 1005 of the Catalyst Rules should apply, for the purpose of determining how the transaction should be classified in accordance with Rule 1004 of the Catalyst Rules.

The aggregate relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalyst Rules, based on the latest announced audited consolidated financial statements of the Group for FY2022, are as follows:

Rule 1006	Bases of Calculation	Relative Figures
(a)	The aggregate net asset value of the assets to be disposed of as compared with the Group's net asset value	45.95 ⁽¹⁾
(b)	The aggregate net profit attributable to the assets to be disposed of, compared with the Group's net profit	5.18% ⁽²⁾
(c)	The aggregate value of the consideration given for the Proposed Disposal, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.42% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration, compared with the number of equity securities of the Company in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Computed based on (i) 3CPC and OSSB's aggregate net asset value as at 31 December 2022 of approximately S\$146,767 (comprising the net asset value of 3CPC of approximately S\$116,788 and net asset value of OSSB of approximately S\$29,979, respectively); and (ii) the Company's net asset value as at 31 December 2022 of approximately S\$319,401.
- (2) Computed based on (i) 3CPC and OSSB's aggregate audited net profit/loss for FY2022 of approximately S\$381,203 (as an absolute figure), which is derived from the absolute values of the net loss attributable to 3CPC of approximately S\$514 and net profit attributable to OSSB of approximately S\$380,689; and (ii) the Group's audited net profit for FY2022 of approximately S\$7.4 million. Net profit/(loss) is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Computed based on the Disposal Consideration comprising S\$25,500 and RM1,000 (approximately S\$291 based on an exchange rate of S\$1: RM3.44 as at 5 July 2023), and the Company's market capitalisation of approximately S\$6,134,108 (computed based on the Company's issued ordinary share capital of 3,067,053,978 shares and the volume weighted average price of the Shares of S\$0.002 on 5 July 2023, being the market day prior to the date of the Disposal SPAs). The Company does not have any treasury Shares.

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- (4) No equity securities will be issued by the Company in connection with the Proposed Disposal.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed under Rules 1006(a) and (b) of the Catalist Rules exceed 5.0% but is below 50.0%, the Proposed Disposal would constitute a “discloseable transaction” pursuant to Chapter 10 of the Catalist Rules.

Nonetheless, pursuant to Section 160(1) of the Companies Act, the directors of a company must not carry into effect any proposals for disposing of the whole or substantially the whole of the company’s undertaking or property unless those proposals have been approved by the company in a general meeting. As the businesses of 3CPC and OSSB represent the sole remaining businesses of the Group as at the date of the announcement on 6 July 2023, the Proposed Disposal when carried out will constitute a disposal of the whole or substantially the whole of the Company’s undertaking.

Accordingly, the Proposed Disposal is subject to, *inter alia*, the approval of Shareholders and the Company intends to table the Proposed Disposal at the EGM together with the Proposed Acquisition, for Shareholders’ consideration and approval.

6.6 Rationale for the disposal of 3CPC and OSSB

The Company has agreed with the Seller to complete the Business Disposal comprising, *inter alia*, the disposal for cash of OSSB and 3CPC, and the waiver and release of all liabilities (including contingent liabilities) of the Company owing to OSSB and 3CPC on or before the completion of such disposal. Further, it is a condition precedent under the SPA that the Business Disposal is completed prior to Closing.

The Proposed Disposal is carried out in connection with and to facilitate Closing and the SPA.

The Company considers the Proposed Acquisition to be beneficial to the Group having considered the valuation of the Target Group, quality of the assets owned by the Target Group, the Aggregate Loans Capitalisation, the prospects of the hospitality industry and the Target Group’s business. For more details on the rationale for the Proposed Acquisition, please see Section 3.2 of this Circular titled “*Rationale for the Proposed Acquisition*”.

6.7 Cash Company

As the businesses of 3CPC and OSSB represent the sole remaining businesses of the Group as at the date of this Circular, the Proposed Disposal when carried out will constitute a disposal of the whole or substantially the whole of the Company’s undertaking.

Under Rules 1017(1)(a) and (b) of the Catalist Rules, if the assets of an issuer consist wholly or substantially of cash or short-dated securities, the issuer’s securities would normally be suspended from trading until such time that the issuer has a business which is able to satisfy the requirements of the SGX-ST for a new listing. In addition, upon Disposal Completion, the Company must:

- (a) place 90.0% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal(s) undertaken by the issuer) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore (“**Escrow**”

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Account)". The amount that is placed in the Escrow Account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders; and

- (b) provide monthly valuations of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market via SGXNET.

As at the Latest Practicable Date, the Company has not completed the Proposed Disposal. The Company intends to complete the Proposed Disposal and the Proposed Acquisition concurrently. Accordingly, following the Proposed Disposal and the Proposed Acquisition, the assets of the Enlarged Group should include the Target Group, and not consist wholly or substantially of cash or short-dated securities. Further, pursuant to the terms of the Disposal SPAs, the Company shall have the Options to reacquire each of 3CPC and OSSB in the event the SPA shall be terminated. Nonetheless, following Disposal Completion, the Company shall comply with the requirements of Rule 1017 of the Catalist Rules should the Disposal Completion not coincide with Closing, resulting in the assets of the Company consisting wholly or substantially of cash or short-dated securities.

7. THE PROPOSED COMPLIANCE PLACEMENT

7.1 General

Under Rule 724 of the Catalist Rules, the SGX-ST may suspend trading of the Shares if less than 10.0% of the issued and paid-up share capital of the Company is held in the hands of the Public. The SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of issued and paid-up share capital of the Company in the hands of the Public to at least 10.0%.

In addition, the Company is required to comply with Rule 1015(3) and Rule 406(1) of the Catalist Rules, where at least 15.0% of the total issued and paid-up share capital of the Company (excluding treasury shares) must be held in the hands of at least 200 shareholders who are members of the Public ("**Minimum Public Float Requirement**").

Immediately after the issue of the Consideration Shares, Conversion Shares, PCL Loan Conversion Shares and PPCF Shares (before the allotment and issuance of the Company Placement Shares), assuming that (a) the Conversion Shares are issued in respect of the entire amount of the Seller's Loan; (b) the PCL Loan Conversion Shares are issued in respect of the entire amount of the PCL Loan and (c) the Actual Consideration is the Estimated Consideration, the Seller will hold 1,366,083,090 Shares, representing approximately 97.6% of the Enlarged Share Capital. Approximately 0.4% of the Enlarged Share Capital will be held by the existing public shareholders of the Company (see Section 15.5 of this Circular titled "*Changes in Shareholding Structure*"), in which case, the Company will not be able to meet the Minimum Public Float Requirement. Accordingly, in connection with the Proposed Acquisition, the Company is required under the Catalist Rules to place out Shares to satisfy the Minimum Public Float Requirement prior to Closing and the issue price for any Shares to be placed out shall not be less than the Minimum Issue Price of S\$0.20.

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7.2 The Proposed Compliance Placement

To meet the Minimum Public Float Requirement, it is contemplated that the Company will undertake a compliance placement which comprises an issue and allotment of up to 211,000,000 new Shares (being, the “**Company Placement Shares**”).

Shareholders should note that the number of Shares to be placed under the Proposed Compliance Placement will depend on various factors such as market conditions, as well as potential investors’ interest in the Shares of the Company at the time of the Proposed Compliance Placement, and there is no certainty or assurance that the Company will be able to place out all or any of the Company Placement Shares and raise the requisite net proceeds therefrom.

The Company Placement Shares will not be placed to any person who is an Existing Director, a director from the Proposed New Board or a substantial shareholder of the Target or the Enlarged Group, or any other person falling within the categories of persons set out in Rule 812(1) of the Catalist Rules.

PPCF has been appointed by the Company as the placement agent for the Proposed Compliance Placement (“**Placement Agent**”). As at the Latest Practicable Date, the terms of the Proposed Compliance Placement have yet to be finalised pending the entry by the Company into a definitive placement agreement with the Placement Agent for the Proposed Compliance Placement.

The Proposed Compliance Placement is subject to, amongst other things, the following conditions being fulfilled:

- (a) approval by Shareholders of the allotment and issue of the Company Placement Shares at the EGM; and
- (b) listing and quotation notice for dealing in, listing and quotation of the Company Placement Shares on the Catalist being obtained from the SGX-ST, such notice not being revoked and amended, and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to and confirmed by the relevant parties.

The listing and quotation notice for the Company Placement Shares, the Consolidated Shares, the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Group, the Target Group, the Enlarged Group, the Shares, the Company Placement Shares, the Consolidated Shares, the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares.

Pursuant to the terms of the SPA, the completion of the Proposed Compliance Placement is expected to take place on or before the Closing Date. The Company Placement Shares, when allotted and issued, will rank *pari passu* in all respect with the Consolidated Shares as at the date of the issuance of the Company Placement Shares.

Shareholders’ approval will be sought at the EGM for the allotment and issue of the Company Placement Shares, on such terms as may be determined by the Company. The issue price of each Company Placement Share to be offered under the Proposed

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Compliance Placement shall be determined by the Company in consultation with the Sponsor and Financial Adviser and the Placement Agent which in any event shall not be less than the Minimum Issue Price, and shall be in compliance with Catalyst Rules.

7.3 Use of Proceeds

For illustrative purposes, information in this Section 7.3 of this Circular has been presented assuming that the Proposed Compliance Placement is in respect of all of the 211,000,000 Company Placement Shares at a placement price of S\$0.33 per Company Placement Share (“Placement Issue Price”) and a placement commission of 3.0% of the Placement Issue Price for each Company Placement Share. Shareholders should note that the foregoing terms are only indicative, and should not be construed as a representation that the Proposed Compliance Placement will be made on those terms.

Save for the brokerage fee, none of the expenses incurred in connection with the Proposed Compliance Placement are envisaged to be paid by a subscriber of the Company Placement Shares.

The final placement commission and the brokerage fee shall be determined following the entering into a definitive agreement with the Placement Agent.

The total net proceeds to be raised by the Company from the Proposed Compliance Placement, after deducting for estimated expenses (including placement commission and expenses relating to the Proposed Acquisition) of approximately S\$2.1 million, is estimated to amount to approximately S\$67.5 million (“**Net Proceeds**”).

For illustrative purposes only, the Enlarged Group intends to utilise the Net Proceeds in the following manner:

Use of Proceeds	Estimated amount (S\$'000)	As a dollar amount for each S\$1.00 of the gross proceeds due to the Company from the Company Placement Shares (S\$)	As a percentage of gross proceeds due to the Company from the Company Placement Shares (%)
Repayment of loan ⁽¹⁾	55,000	0.79	79.0
Asset enhancement and capital expenditure	5,000	0.07	7.2
General working capital	7,541	0.11	10.8
Net proceeds	67,541	0.970	97.0

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Use of Proceeds	Estimated amount (S\$'000)	As a dollar amount for each S\$1.00 of the gross proceeds due to the Company from the Company Placement Shares (S\$)	As a percentage of gross proceeds due to the Company from the Company Placement Shares (%)
Listing and application fees ⁽²⁾	–	–	–
Professional fees and expenses ⁽²⁾	–	–	–
Placement commission ⁽³⁾	2,089	0.03	3.0
Miscellaneous expenses ⁽²⁾	–	–	–
Gross proceeds	69,630	1.00	100.0

Notes:

- (1) The partial repayment of the balance of the DTP Inter Holdings Loan after the Aggregate Loans Capitalisation for purposes of capital restructuring, with the objectives of strengthening the Target Group's capital structure and improving the Target Group's balance sheet, and gearing capability in relation to improved debt/equity ratio and debt service coverage ratio (DSCR). This will enhance the financial flexibility of the Target Group and place the Target Group in a more favourable position to take advantage of future growth and business opportunities that may present itself. The planned use of proceeds has not been taken into consideration in the Sponsor's assessment on the Target Group's suitability to list. Further details on the DTP Inter Holdings Loan are set out in Section 13.3 of the Target's Letter to Shareholders titled "*Present and Ongoing Interested Person Transactions – Provision of loans by DTP Inter Holdings to the Target Group*". The rationale for prioritising the repayment of the DTP Inter Holdings Loan is to minimise the amount of interested person transactions for the Enlarged Group, which is beneficial from a corporate governance perspective. The planned use of proceeds has not been considered in the assessment of the Target Group's suitability to list as the Company's use of proceeds is a commercial decision to align with their goals and future plans.
- (2) Total expenses in connection with the Proposed Transactions is estimated to be approximately S\$7.0 million comprising listing and application fees of approximately S\$59,000 and professional fees and expenses and miscellaneous expenses of approximately S\$7.0 million. As such expenses, in aggregate, are included in the Agreed Costs and Agreed Costs II of the Seller's Loan and PCL Loan respectively, these expenses are not intended to be paid with the gross proceeds. Details of the Seller's Loan and the PCL Loan are set out in Section 3.5.4 of this Circular.

This excludes the portion of the management fees of S\$650,000 payable to the Sponsor and Financial Adviser to the Company which will be satisfied in full by the allotment and issuance of 1,970,000 PPCF Shares.
- (3) The amount of placement commission per Company Placement Share is based on (a) the entire 211,000,000 Company Placement Shares being fully placed out; and (b) the Placement Issue Price, being S\$0.33 per Company Placement Share. The placement commission is 3.0% of the Placement Issue Price payable for each Company Placement Share successfully subscribed for.

Shareholders should note that the actual number of Company Placement Shares to be placed will depend on various factors such as market conditions, as well as potential investors' interest in the Shares of the Company, and there is no certainty or assurance that the Company will be able to place out all or any of the Company Placement Shares and raise the requisite net proceeds therefrom. In such event, the Proposed Directors

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shall allocate the actual Net Proceeds raised amongst the stated use of proceeds in such order of priority and/or such quantum as the Proposed Directors may determine, subject to the relevant announcements to be made by the Company in relation to the same.

Pending the deployment of the gross proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as the Proposed New Board may deem appropriate.

The Company will make periodic announcements as and when the proceeds from the Proposed Compliance Placement are materially disbursed and state therein whether such a use is in accordance with the stated use and in accordance with the percentage allocated in this Circular. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the gross proceeds in its annual report. Any material deviation in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by the Company on SGXNET.

In the opinion of the Proposed New Board, there is no minimum amount that must be raised from the Proposed Compliance Placement, save for purposes of meeting the Minimum Public Float Requirement.

7.4 Further Information

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Compliance Placement.

8. THE APPOINTMENT OF THE PROPOSED NEW BOARD

8.1 Re-constitution of the Board

In connection with the Proposed Acquisition, it is proposed that the Proposed New Board be appointed on Closing. The proposed composition of the re-constituted board of Directors of the Company following Closing is set out in the table below.

Name	Position
Mr. Bunyong Visatemongkolchai	Independent Director and Chairman of the Proposed New Board
Mr. Hansa Susayan	Vice Chairman and Non-Executive Director
Mr. Iqbal Jumabhoy	Chief Executive Officer and Executive Director
Mrs. Sasinan Allmand	Non-Executive Director
Mr. Lee Kwai Seng	Non-Executive Director
Mr. Christopher Tang Kok Kai	Independent Director
Mr. Chiew Chun Wee	Independent Director

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8.2 Additional Information

Information on the working experience, qualifications and particulars of the Proposed New Board is set out in Section 11.2 of the Target's Letter to Shareholders titled "*Proposed New Board*".

9. THE PROPOSED WHITEWASH RESOLUTION

9.1 Rule 14 of the Code

Under Rule 14 of the Code and Section 139 of the SFA, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

As at the Latest Practicable Date, the Seller and its concert parties do not hold any interest in any Shares, other than pursuant to the Proposed Transactions. Immediately following Closing, and assuming that (a) the Conversion Shares are issued in respect of the entire amount of the Seller's Loan; (b) the PCL Loan Conversion Shares are issued in respect of the entire amount of the PCL Loan; (c) 211,000,000 Company Placement Shares are allotted and issued by the Company pursuant to the Proposed Compliance Placement; and (d) the Actual Consideration is the Estimated Consideration, the Seller is expected to hold approximately 84.82% of the Enlarged Share Capital.

Pursuant to Rule 14 of the Code, the Seller will be required to make a mandatory general offer for the remaining Shares in the Company not held by the Seller and its concert parties, unless waived by the SIC.

Please refer to Section 15.5 of this Circular titled "*Changes in Shareholding Structure*" for shareholding effects of the Proposed Transactions on the shareholding of the existing Shareholders.

9.2 Waiver by the SIC

The SIC had on 19 July 2023 granted the Seller a waiver of the requirement to make a general offer for the Company under Rule 14 of the Code as a result of the allotment and issuance of the Consideration Shares and Conversion Shares to the Seller in connection with the Proposed Acquisition and the Seller's Loan Agreement ("**Whitewash Waiver**"), subject to the following conditions:

- (a) the majority of holders of voting rights of the Company approves at a general meeting, before the issue of the Consideration Shares and Conversion Shares to the Seller under the Proposed Acquisition and the Seller's Loan Agreement, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Seller and parties acting in concert with it;

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- (b) the Proposed Whitewash Resolution being separate from other resolutions;
- (c) the Seller, parties acting in concert with it and parties not independent of it abstain from voting on the Proposed Whitewash Resolution;
- (d) the Seller and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into or options in respect of Shares, other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares disclosed in this Circular:
 - (i) during the period between the date of the Announcement and the date that independent shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the Proposed Acquisition;
- (e) the Company appoints the IFA to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the proposed issue of Consideration Shares pursuant to the Proposed Acquisition and details of the proposed issue of Conversion Shares pursuant to the Seller's Loan Agreement;
 - (ii) the dilution effect to existing holders of voting rights of the issue of the Consideration Shares and Conversion Shares;
 - (iii) the number and percentage of voting rights in the Company, as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company (other than the convertibles to be issued), held by the Seller and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights in the Company represented by the Consideration Shares to be issued to the Seller pursuant to the Proposed Acquisition and by the Conversion Shares to be issued to the Seller pursuant to the Seller's Loan Agreement;
 - (v) a specific and prominent reference to the fact that the allotment and issuance of the Proposed Acquisition would result in the Seller holding Shares carrying over 49% of the voting rights of the Company and the fact that the Seller will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
 - (vi) that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Seller and parties acting in concert with it at the highest price paid by them in the past six (6) months preceding the date of the Announcement;

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- (g) this Circular states that the proposed Whitewash Waiver is subject to the conditions set out in sub-section (f) above;
- (h) the Seller obtaining the SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and
- (i) the approval of the Proposed Whitewash Resolution must be obtained within three (3) months from 19 July 2023 and the Consideration Shares and Conversion Shares must be issued within three (3) months of the date on which approval of the Shareholders for the Proposed Whitewash Resolution is obtained at the EGM.

On 1 December 2023, the SIC approved the extension of the date by which the approval of the Proposed Whitewash Waiver Resolution must be obtained (as set out in Section 9.2(i) above) to 31 December 2023.

9.3 Implications of the Proposed Whitewash Resolution

Independent Shareholders should note that:

- (a) their approval of the Proposed Whitewash Resolution is a condition precedent to Closing pursuant to the terms of the SPA, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;
- (b) the allotment and issuance of the Consideration Shares and the Conversion Shares will result in the Seller holding Shares carrying over 49.0% of the voting rights of the Company, and the Seller and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
- (c) by voting in favour of the Proposed Whitewash Resolution, Independent Shareholders are waiving their rights to receive a general offer from the Seller and parties acting in concert with it at the highest price paid by them in the past six (6) months preceding the date of the Announcement.

Shareholders should note that the Proposed Acquisition is conditional upon the approval for the Proposed Whitewash Resolution, and hence the Proposed Acquisition will not be completed in the event that the Proposed Whitewash Resolution is not approved. Shareholders should also note Section 1.3 of this Circular titled "*Inter-conditional of Resolutions*" on the inter-conditional of the relevant resolutions contained in the Notice of EGM.

9.4 Effect on Shareholding

For illustrative purposes only, the changes in shareholding, including the dilution effect, expected to result from Closing and the other Proposed Transactions, including the issuance of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares and the Company Placement Shares, are set out in Section 15.5 of this Circular titled "*Changes in Shareholding Structure*".

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9.5 Advice of the IFA

In connection with one of the conditions for the grant of the Whitewash Waiver by SIC, Xandar Capital Pte. Ltd. has been appointed as the Independent Financial Adviser to the Recommending Directors in relation to the Proposed Whitewash Resolution.

A summary of the advice of the IFA is set out in Section 22 of this Circular titled “*Advice of the Independent Financial Adviser in relation to the Proposed Whitewash Resolution*”.

The IFA Letter setting out the IFA’s advice in full is reproduced in Appendix F to this Circular.

10. THE PROPOSED CHANGE OF CORE BUSINESS

Upon Closing, which is contingent upon completion of the Proposed Disposal, the business of the Enlarged Group will comprise wholly of the business of the Target Group. Therefore, in connection with the Proposed Acquisition, the Company will be changing its core business to that of the Target Group’s business (the “**Proposed Change of Core Business**”).

Please refer to the Target’s Letter to Shareholders for more information on the Target Group and its business.

11. THE PROPOSED CHANGE OF AUDITORS

11.1 Background and Rationale for the Proposed Change of Auditors

The Company’s existing Auditors is Mazars LLP and was first appointed on 8 January 2020. Mazars was reappointed as the Company’s auditors at the last AGM of the Company held on 27 April 2023 to hold office until the conclusion of the forthcoming AGM of the Company for the FY2023.

The Proposed New Board is proposing the appointment of KPMG LLP as the Auditors in place of the existing Auditors, Mazars LLP, with effect from the Closing Date and for the financial year ending 31 December 2023 and to hold office until the conclusion of the next AGM.

The Existing Directors are proposing the Proposed Change of Auditors at the request of the Seller and for the purpose of continuity as KPMG LLP is the existing external auditors of the Target Group. Following Closing, the principal business of the Enlarged Group will be the business of the Target Group. As such, the Existing Directors are of the opinion that KPMG LLP will be more familiar with the Target Group’s business and be better positioned to act as the Auditors following Closing. The Proposed New Board and New Audit Committee have also considered ACRA’s Audit Quality Indicators Disclosure Framework in assessing the suitability of KPMG LLP. In addition, the Proposed Change of Auditors is not due to any dismissal of Mazars LLP, Mazars LLP declining to stand for election, or directed by SGX-ST under Rule 305(1)(eb) of the Catalist Rules. It is also not a reflection of any concerns over the integrity of the Company’s operations or management or effectiveness of the Company’s internal controls or the capability of the Auditors.

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Mazars LLP had on 28 September 2023 applied to ACRA to seek its consent to resign as the Auditors. On 28 November 2023, Mazars LLP has received a letter from ACRA approving its resignation as auditors of the Company. Subsequently, Mazars LLP had on 6 December 2023 provided their resignation letter dated 6 December 2023, stating the reasons for their resignation as independent auditors of the Company, the effective date of the resignation to be the Closing Date and for such resignation to take effect subject to and conditional upon the Proposed Change of Auditors being approved by Shareholders at the EGM. In accordance with Section 205AB(5) and 205AF of the Companies Act and Rule 712(3) of the Catalist Rules, the resignation of Mazars LLP as Auditors and the appointment of KPMG LLP in place of Mazars LLP shall take effect on the Closing Date, subject to (i) the written approval from ACRA; and (ii) the Proposed Change of Auditors being approved by Shareholders at the EGM.

KPMG LLP had on 27 September 2023 issued its consent to act as Auditors subject to among other things, the approval of Shareholders at the EGM. Accordingly, the resignation of Mazars LLP as Auditors will take effect from the Closing Date, subject to approval of the Proposed Change of Auditors by Shareholders at the EGM.

11.2 Information on KPMG LLP

KPMG LLP in Singapore is a member firm of KPMG International, an international network of member firms offering audit, tax and advisory services in 143 countries with over 265,000 employees across a range of discipline. KPMG LLP is registered with ACRA. It is one of the largest professional services firms in Singapore today, and has a wide-ranging clientele base consisting of business corporations, governments and public sector agencies and not-for-profit organisations across industries. The size of the audit function of KPMG LLP in Singapore is over 1,400 professional staff including 47 audit partners as at 31 January 2023.

The audit partner in charge will be Tan Kar Yee, Linda, who is a public accountant registered under the Public Accountants Act and with ACRA and practising member of the Institute of Chartered Accountants.

For more information about KPMG LLP, please visit <http://www.kpmg.com/SG/EN/Pages/default.aspx>.

11.3 Disclosure Pursuant to Rule 712(3) of the Catalist Rules

In accordance with Rule 712(3) of the Catalist Rules:

(a) Rule 712(3)(a) – Confirmation from the outgoing auditors

The outgoing auditor, Mazars LLP, via its professional clearance letter dated 19 September 2023, has confirmed that they are not aware of any professional reasons why KPMG LLP should not accept appointment as auditors of the Company.

(b) Rule 712(3)(b) – Confirmation from the issuer as to whether there were disagreements with the outgoing auditors

The Company confirms that there were no disagreements with Mazars LLP on accounting treatments within the last twelve (12) months.

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- (c) Rule 712(3)(c) – Confirmation from the issuer on circumstances connected with the change

The Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular.

- (d) Rule 712(3)(d) – Specific reasons for the change of auditors

The Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 11.1 of this Circular titled “*Background and Rationale for the Proposed Change of Auditors*” above. The Proposed Change of Auditors was not due to the dismissal of Mazars LLP, Mazars LLP declining to stand for re-election or any direction by SGX-ST for the existing Auditors to be replaced under Rule 305(1)(eb) of the Catalist Rules.

- (e) Rule 712(3)(e) – Compliance with Rule 712 and Rule 715

The Company confirms that it complies with Rule 712 and Rule 715 of the Catalist Rules in relation to the proposed appointment of KPMG LLP as the new Auditors.

12. THE PROPOSED NEW SHARE ISSUE MANDATE

12.1 Proposed New Share Issue Mandate

The General Share Issue Mandate of the Company was obtained at the AGM of the Company held on 27 April 2023, which authorises Directors to allot and issue new Shares in accordance with, and subject to, the provisions of Rule 806 of the Catalist Rules. The aggregate number of Shares which may be issued under the General Share Issue Mandate is determined based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the General Share Issue Mandate (that is, as at 27 April 2023), being 3,067,053,978 shares.

The Company is proposing to seek Shareholders’ approval at the EGM for the Proposed New Share Issue Mandate for the aggregate number of shares which may be issued, to be determined based on the total number of Shares (excluding treasury shares and subsidiary holdings) after Closing. This is in addition to the authorisation to be sought for the proposed allotment and issuance of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares, and the Company Placement Shares.

Specifically, approval from the Shareholders will be sought for, amongst others, authority to be granted pursuant to Article 11(B) of the Constitution and Rule 806 of the Catalist Rules to the Proposed New Board to:

- (a) allot and issue new Share in the capital of the Company (whether by way of rights issue, bonus issue or otherwise); and/or 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) options, warrants, debentures or other Instruments convertible into Shares, at any time and upon such terms and conditions, and for such purposes and to such persons as the Proposed New Board shall in their absolute discretion deem fit; and

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- (b) (notwithstanding that the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force, provided that:
- (i) the aggregate number of new shares to be issued pursuant to such authority shall not exceed 100.0% of the then-existing issued share capital of the Company or such other limit as may be prescribed by the Catalist Rules as at the date of passing of the ordinary resolution, of which the aggregate number of shares and convertible securities to be issued other than on a *pro-rata* basis to the then-existing Shareholders shall not exceed 50.0% of the then-existing issued share capital of the Company or any such other limit as may be prescribed by the Catalist Rules as at the date of passing of the ordinary resolution;
 - (ii) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Constitution for the time being of the Company; and
 - (iii) unless revoked or varied by Shareholders in general meeting, such authority shall continue in full force until the conclusion of the next AGM or the date by which the next AGM is required by law or the Catalist Rules to be held, whichever is earlier.

For this purpose, the “**then-existing issued share capital**” shall mean the Enlarged Share Capital (excluding treasury shares and subsidiary holdings).

The Proposed New Share Issue Mandate falls within the limits set out in Rule 806(2)(a) of the Catalist Rules.

12.2 Validity of the Proposed New Share Issue Mandate

The Proposed New Share Issue Mandate, if approved by the Shareholders at the EGM, shall take effect from the passing of the ordinary resolution, and shall continue in force until the earliest of the following:

- (a) the conclusion of the next AGM;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to the Constitution or any applicable laws of Singapore;
- (c) it is carried out to the full extent mandated; or
- (d) it is revoked or varied by ordinary resolution of the Shareholders in a general meeting.

Subject to its continued relevance to the Company, the Proposed New Share Issue Mandate will be put to Shareholders for renewal at subsequent general meetings of the Company.

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13. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

13.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Transactions on the share capital, NTA, earnings and gearing of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2022 and the audited combined financial information of the Target Group for FY2022. The *pro forma* financial effects of the Proposed Transactions are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following Closing.

The *pro forma* financial effects of the Proposed Transactions have been prepared based on, *inter alia*, the following key bases and assumptions:

- (a) the financial effects on the Group's earnings and earnings per Share are computed assuming that the Proposed Transactions was completed on 1 January 2022. The financial effects on the Group's NTA and gearing are computed assuming that the Proposed Transactions were completed on 31 December 2022;
- (b) the fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the Proposed Acquisition, if any, have not been considered and will be determined at Closing when the Seller has effectively gained control of the Company. As the final goodwill will have to be determined at Closing, the actual goodwill could be materially different from the assumption used above. Any goodwill arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;
- (c) the Actual Consideration is the Estimated Consideration, being an amount equivalent to S\$443,807,420 and an aggregate 1,344,870,969 Consideration Shares will be issued to the Seller;
- (d) the Consideration Shares were issued at the post-Share Consolidation Issue Price of S\$0.33 per share;
- (e) the Company draws down the Seller's Loan in full and the Seller's Loan is fully settled by the issuance of Conversion Shares at the post-Share Consolidation Issue Price of S\$0.33 per share;
- (f) the Company draws down the PCL Loan in full and the PCL Loan is fully settled by the issuance of PCL Loan Conversion Shares at the post-Share Consolidation Issue Price of S\$0.33 per share;
- (g) the carrying value of the assets and liabilities of the Company approximates their fair value;
- (h) the allotment and issuance of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, Company Placement Shares and the PPCF Shares are assumed to have been carried out during FY2022;
- (i) the Proposed Compliance Placement comprises the placement of 211,000,000 Company Placement Shares;

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- (j) the analysis does not take into account the transactional costs and expenses in connection with the Proposed Acquisition and any business combination adjustments;
- (k) no adjustments have been made to account for any difference in accounting standards between the Company and the Target Group; and
- (l) 31 December 2022 exchange rate of £1: S\$1.6194 and FY2022 average exchange rate of £1: S\$1.7032 based on exchange rates from MAS' website.

13.2 Financial Effects

13.2.1 Share capital

	No. of ordinary shares in the capital of the Company	Issued and paid-up share capital (S\$'000)
As at date of this Circular	3,067,053,978	3,264
After the Proposed Disposal	3,067,053,978	3,264
After 100: 1 Share Consolidation	30,670,537	3,264
Add: Consideration Shares	1,344,870,969	443,807
Add: Conversion Shares	21,212,121	7,000
Add: PCL Loan Conversion Shares	757,575	250
Add: PPCF Shares	1,970,000	650
Add: Company Placement Shares	211,000,000	69,630
After Closing	1,610,481,202	524,602

13.2.2 NTA

	Before the Proposed Disposal, the Proposed Share Consolidation and Closing	After the Proposed Disposal and before the Proposed Share Consolidation and Closing	After the Proposed Disposal, the Proposed Share Consolidation and before Closing	After Closing ⁽¹⁾⁽²⁾
NTA (S\$) ⁽³⁾	319,401	198,425	198,425	(210,226,805)
Number of Shares	3,067,053,978	3,067,053,978	30,670,537	1,610,481,202
NTA per Share (Singapore cents)	0.01	0.006	0.65	(13.05)

Notes:

- (1) Takes into account the allotment and issuance of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares and the Company Placement Shares.

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- (2) After taking into account the Pro Forma Adjustments, the NTA and the NTA per Share after Closing will be S\$147,958,564 and 9.19 Singapore cents respectively.
- (3) For illustrative purposes, NTA is computed based on the equity attributable to the owner of the Target Company, excluding revaluation reserve.

13.2.3 EPS/LPS

	Before the Proposed Disposal, the Proposed Share Consolidation and Closing	After the Proposed Disposal and before the Proposed Share Consolidation and Closing	After the Proposed Disposal, the Proposed Share Consolidation and before Closing	After Closing ⁽¹⁾⁽²⁾
Profit/(loss) after tax attributable to Shareholders (S\$)	6,259,491	6,148,928	6,148,928	(42,894,716)
Number of Shares	3,067,053,978	3,067,053,978	30,670,537	1,610,481,202
EPS/(LPS) (Singapore cents)	0.20	0.20	20.05	(2.66)

Notes:

- (1) Takes into account the allotment and issuance of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares and the Company Placement Shares.
- (2) After taking into account the Pro Forma Adjustments, the loss after tax attributable to Shareholders and the LPS after Closing will be S\$15,749,114 and 0.98 Singapore cents respectively.

13.2.4 Gearing

	Before the Proposed Disposal, the Proposed Share Consolidation and Closing	After the Proposed Disposal and before the Proposed Share Consolidation and Closing	After the Proposed Disposal, the Proposed Share Consolidation and before Closing	After Closing ⁽¹⁾⁽²⁾
Net borrowings (S\$)	(282,364)	(155,569)	(155,569)	794,638,815
Total shareholders' equity (S\$)	319,401	198,425	198,425	(204,706,271)
Gearing ratio (%) ⁽³⁾	(88.4)	(78.4)	(78.4)	(388.18)

Notes:

- (1) Takes into account the allotment and issuance of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares and the Company Placement Shares.
- (2) After taking into account the Pro Forma Adjustments, the net borrowings, total shareholders' equity and gearing ratio after Closing will be S\$436,453,446, S\$153,479,099 and 284.4% respectively.
- (3) Gearing is determined based on net borrowings divided by shareholders' equity. Net borrowings is calculated as borrowings (including interest payable and lease liabilities), less cash and cash equivalents.

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14. WAIVERS FROM THE SGX-ST

14.1 Application for Waivers

14.1.1 The Company had, through its Sponsor and Financial Adviser, applied to SGX-ST to seek a waiver of the following requirements under the Catalist Rules:

- (a) a waiver of Rule 1015(3)(b)(i) of the Catalist Rules in relation to the moratorium requirements (under Part IX of Chapter 4 of the Catalist Rules) in respect of the Shares held by existing controlling shareholders of the Company (“**Moratorium Waiver**”);
- (b) a waiver of Rule 1015(4)(a) of the Catalist Rules (when read with, *inter alia*, Rule 407(1) of the Catalist Rules) in respect of the disclosure requirements under paragraph 24 of Part 9 of the Fifth Schedule to the SFR of the *pro forma* financial information of the Enlarged Group in this Circular (“**Pro Forma Waiver**”); and
- (c) a waiver to disclose transactions between the Target Group and Valor as interested person transactions in this Circular on the basis that Valor should not be treated as an “interested person” under paragraphs 1 and 2 of Part 8 of the Fifth Schedule to the SFR.

14.1.2 The applications were made on the grounds set out in the following:

(a) Moratorium Waiver

The Proposed Acquisition constitutes a reverse takeover and is subject to, *inter alia*, Rule 1015 of the Catalist Rules. Rule 1015(3)(b)(i) of the Catalist Rules provides, *inter alia*, that the moratorium requirements under Rules 420, 421 and 422 or 443 of the Catalist Rules to be observed on the transfer or disposal of securities of an issuer and the applicable period of moratorium, must be complied with by the persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition and the associates of any such persons.

As at the Latest Practicable Date, the shareholding of the existing controlling shareholders of the Company (“**Existing Controlling Shareholders**”) are as follows:

Controlling Shareholders	No. of shares directly held in the Company	No. of shares deemed interested in Company	Shareholding interest (%)
Phileo Capital Limited ⁽¹⁾⁽²⁾	1,187,672,240	–	38.72
Tan Sri Tong Kooi Ong ⁽¹⁾	–	1,187,672,240	38.72
Champion Brave Sdn Bhd ⁽³⁾	636,815,920	–	20.76
Tan Sri Lee Oi Hian ⁽³⁾	–	636,815,920	20.76

Notes:

- (1) By virtue of Section 4 of the SFA, Tan Sri Tong is deemed interested in the shares held by Phileo Capital as Tan Sri Tong is the sole ultimate beneficial owner of Phileo Capital through TMF Trustees, the trustee of a family trust of which Tan Sri Tong is the sole beneficiary.

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- (2) Entire shares are held in the name of UOB Kay Hian Pte. Ltd.
- (3) By virtue of Section 4 of the SFA, Tan Sri Lee Oi Hian is deemed interested in the shares held by Champion Brave Sdn Bhd as he is a 99.99% majority shareholder of Champion Brave Sdn Bhd.

The Moratorium Waiver was applied by the Company for the following reasons:

- (i) Pursuant to Rule 419 of the Catalist Rules, the intended purpose of imposing moratorium requirements on promoters and investors is (in the case of promoters) to maintain the promoters' commitment to the issuer and align their interests with that of public shareholders, and (in the case of investors (other than promoters)) to promote the interests of a fair and orderly market.
 - (ii) The Existing Controlling Shareholders and their associates are not considered to be promoters of the incoming assets of the Target Group as:
 - (A) they and their associates are not controlling shareholders of the Target Group; and
 - (B) they are not executive directors nor involved in the day-to-day management and operations of the Target Group.
 - (iii) The Existing Controlling Shareholders and their associates are not considered to be investors of the Target Group as they do not have any shareholding interest in the Target Group.
 - (iv) Furthermore, upon Closing, each Existing Controlling Shareholder will cease to be a controlling shareholder of the Company and will not have any board representation on the Company or any of its subsidiaries, and will not have any significant influence on the management or operations of the Enlarged Group.
 - (v) For the avoidance of doubt, the promoters of the Target Group will be providing an undertaking to observe the relevant moratorium requirements and this will achieve the aim of Rule 419 of the Catalist Rules to maintain the promoters' commitment to the issuer and to align their interests with that of public shareholders.
- (b) Pro Forma Waiver

Pursuant to Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules (read with Rule 407(1) of the Catalist Rules), the Company is required to disclose the following, amongst others:

- (i) latest two (2) years of historical financial information (of the assets to be acquired) and one (1) year of *pro forma* financial information (of the Enlarged Group); and
- (ii) information required under Parts 2 to 11 of Fifth Schedule to the SFR, in particular, paragraph 24 of Part 9 of the Fifth Schedule requiring the *pro forma* financial statements of the Enlarged Group for the most recently completed financial year and any relevant interim financial period in the Circular.

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Accordingly, based on the disclosure requirements under the Catalist Rules and Fifth Schedule to the SFR as described above, the following financial information is required to be prepared for inclusion in the Circular:

- (A) the audited financial information of the assets to be acquired (in this case, the Target Group) for the latest three (3) financial years ended 31 December 2020, 2021 and 2022 and the unaudited interim financial information for the 6-month period ended 30 June 2023 (collectively, the “**Applicable Financial Statements**”); and
- (B) the *pro forma* financial statements of the Enlarged Group for the most recently completed financial year and interim financial period (being the financial year ended 31 December 2022 and 6-month interim financial period ended 30 June 2023, respectively) (collectively, the “**Relevant Pro Forma Financial Statements**”).

The Pro Forma Waiver was applied by the Company for the following reasons:

- (I) the Applicable Financial Statements will be prepared in accordance with the International Financial Reporting Standards for inclusion in the Circular in accordance with the requirements of the Catalist Rules thereby allowing its Shareholders to make an informed and meaningful assessment of the assets to be acquired, regardless of whether the *pro forma* financial information of the Enlarged Group would be included in the Circular;
- (II) pursuant to the terms of the SPA, the Company has undertaken to complete the Business Disposal;
- (III) the Company had announced on 6 July 2023 that it had entered into separate sale and purchase agreements for the Proposed Disposal. Accordingly, following Closing, the Company’s business and assets are envisaged to comprise only the business and assets of the Target Group;
- (IV) in view that the future business and assets of the Company will be represented by the business and assets of the Target Group following the completion of the Business Disposal and the Proposed Acquisition, the Applicable Financial Statements which will set out the relevant financial information of the business and assets of the Target Group would adequately reflect the economic substance of the Enlarged Group. As such, the *pro forma* financial information of the Enlarged Group would not be meaningful nor material to the Shareholders in arriving at their decision on whether or not to approve the Proposed Acquisition at the EGM to be held in relation to, *inter alia*, the Business Disposal and the Proposed Acquisition; and
- (V) in connection with preparing and reporting the Relevant *Pro Forma* Financial Statements, the Company would have to expend additional time and resources whilst incurring higher costs from mandating the reporting accountants to review the Relevant *Pro Forma* Financial Statements as part of their scope of work. As such, the Company is of the opinion that the cost of preparing and reporting the Relevant *Pro Forma* Financial Statements outweighs the benefits to Shareholders as the Relevant Financial Statements of the assets to be acquired which would substantially and sufficiently reflect the economic substance of the listed group following the completion of the Business Disposal and the

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Proposed Acquisition, and accordingly, the exclusion of the Relevant *Pro Forma* Financial Statements would not be prejudicial to the interests of the Shareholders.

(c) IPT Disclosure Waiver

Valor is 25% owned by DTP Management Limited, a wholly-owned subsidiary of DTP, a controlling shareholder of the Target Group.

Based on the Fourth Schedule to the SFR, “interested person” in relation to an entity includes an associate of a controlling shareholder of the entity. An “associate” of an entity, in a case where the entity is a controlling shareholder or controlling interest holder, includes an associated company of the entity. An “associated company” in relation to an entity, means any corporation, other than a subsidiary of the entity, in which, *inter alia*, the entity and one or more of its subsidiaries together, has or have a direct interest, in the voting shares of the corporation, of not less than 20% but not more than 50% of the total votes attached to all voting shares in the corporation.

Whereas, based on Chapter 9 of the Catalist Rules, an “interested person” means: (a) a director, chief executive officer, or controlling shareholder of the issuer; or (b) an associate of any such director, chief executive officer, or controlling shareholder. Under the Catalist Rules, an “associate” in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

Accordingly, Valor falls within the definition of an associated company of the controlling shareholder of the Target Group and is deemed an “interested person” of the Target Group pursuant to the Fourth Schedule to the SFR, but Valor does not fall within the definition of an associate of a controlling shareholder of the Target Group, and is not deemed an “interested person” of the Target Group, under Chapter 9 of the Catalist Rules.

In light of the anomaly in the definitions of “interested person” under the SFR and Catalist Rules, it was submitted in the application that:

- (i) disclosing Valor as an “interested person” in this Circular for the purpose of compliance with disclosures required under the Fourth Schedule to the SFR would instead cause confusion to the Shareholders and investors, in view that post-Closing, Valor would not be an “interested person” of the Enlarged Group pursuant to the definition of “interested person” under Chapter 9 of the Catalist Rules;
- (ii) although DTP Management Limited owns 25% shareholding in Valor, DTP Management Limited does not control nor is it able to exercise any effective influence over the management, board or operations of Valor in consideration of the fact that:
 - (A) Valor is 75% owned and controlled by an independent third party, Valor Hospitality Holdings LLC, which also wholly owns VHP, an independent US-based hotel manager and investment firm founded in Atlanta in 2012;

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- (B) DTP Management Limited has only one (1) board seat in Valor (out of four (4) board seats) and does not exercise any control over the board of Valor; and
- (C) DTP Management Limited is not involved in the management and operations of Valor.

Even without disclosures with respect to the transactions between the Target Group and Valor during the Period Under Review in this Circular for compliance with paragraphs 1 and 2 of Part 8 of the Fifth Schedule to the SFR, this Circular contains detailed disclosure on Valor as follows:

- (i) the background on Valor and key terms of the Valor Management Agreement have been disclosed in Section 4.2 of the Target's Letter to Shareholders titled "*Business and Operations – Operating Contract with Valor*"; and
- (ii) the transaction amounts with Valor during the Period Under Review as a percentage of cost of sales have been disclosed in Section 4.6.2 of the Target's Letter to Shareholders titled "*Major Customers, Business Partners and Suppliers – Major Business Partners*".

Based on the grounds above, it was submitted to the SGX-ST that it would not be prejudicial to public interest if the disclosure requirements under paragraphs 1 and 2 of Part 8 of the Fifth Schedule to the SFR, relating to the requirement to disclose transactions between the Target Group and Valor during the Period Under Review as an interested person transaction, were dispensed with.

14.2 Grant of Waivers

14.2.1 On 4 August 2023, the SGX-ST informed the Company that it has no objections granting the Moratorium Waiver and the Pro Forma Waiver, subject to:

- (a) the Company making a SGXNet announcement of the Moratorium Waiver and Pro Forma Waiver granted, stating the reasons for seeking the Moratorium Waiver and the Pro Forma Waiver and the conditions as per Rule 106 of the Catalist Rules, and in relation to the Pro Forma Waiver, that the Company and/or the Existing Directors are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to investors;
- (b) the disclosure of the Moratorium Waiver and the Pro Forma Waiver granted and the respective bases for seeking the Moratorium Waiver and Pro Forma Waiver in this Circular; and
- (c) submission of a written confirmation from the Company that the Moratorium Waiver and the Pro Forma Waiver do not contravene any laws and regulations governing the Company and its constituent documents.

In connection with condition (a) above, the Company has made an announcement on 7 August 2023 on the Moratorium and Pro Forma Waiver granted by the SGX-ST and the reasons the Company has sought for the Moratorium Waiver and Pro Forma Waiver. Separately, as at the Latest Practicable Date, the Company has submitted the written confirmation set out in condition (c) above.

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14.2.2 On 28 November 2023, the SGX-ST informed the Company that it has no objections to granting a waiver of Catalist Rule 1015(4)(a) in respect of the disclosures required under paragraphs 1 and 2 of Part 8 of the Fifth Schedule to the SFR relating to the disclosure of transactions between the Target Group and Valor as interested person transactions in the Circular (the “**IPT Disclosure Waiver**”), subject to:

- (a) the Company making a SGXNet announcement of the IPT Disclosure Waiver granted, stating the reasons for seeking the IPT Disclosure Waiver and the conditions as per Rule 106 of the Catalist Rules;
- (b) the disclosure of the IPT Disclosure Waiver granted and the bases for seeking the IPT Disclosure Waiver in this Circular; and
- (c) submission of a written confirmation from the Company that the IPT Disclosure Waiver does not contravene any laws and regulations governing the Company and its constituent documents.

In connection with condition (a) above, the Company has made an announcement on 29 November 2023 on the IPT Disclosure Waiver granted by the SGX-ST and the reasons the IPT Disclosure Waiver was sought. Separately, as at the date of this Circular, the Company has submitted the written confirmation set out in condition (c) above.

14.3 **Compliance with Catalist Rules**

Notwithstanding the Moratorium Waiver, the Company and the Enlarged Group will be in compliance with the moratorium requirements under Part IX of Chapter 4 of the Catalist Rules. For more details, please refer to Section 15.6 of this Circular titled “*Moratorium*” in respect of the moratorium undertakings granted by persons who will become the new controlling shareholders of the Company following Closing.

15. **THE ENLARGED GROUP FOLLOWING THE PROPOSED ACQUISITION**

15.1 **Information on the Target**

The information on the Target is set out in the Target’s Letter to Shareholders.

15.2 **Principal Business**

The core business focus of the Target Group comprises investing in and managing the operations of hospitality and lodging-related business. As at the Latest Practicable Date, the Target Group owns a portfolio of hospitality assets incorporated in the United Kingdom, comprising 17 predominantly upscale hotels located in key regional cities in the United Kingdom, and plans to expand its portfolio following Closing by investing in operational and revenue-generating properties for hospitality or lodging-related uses (such as hotels, serviced apartments, purpose-built student accommodation and workers’ dormitories) which may be located anywhere in the world.

Please refer to Section 4 of the Target’s Letter to Shareholders titled “*History and Business of Target Group*” for more information.

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15.3 Change of Name of the Company and adoption of new corporate logo

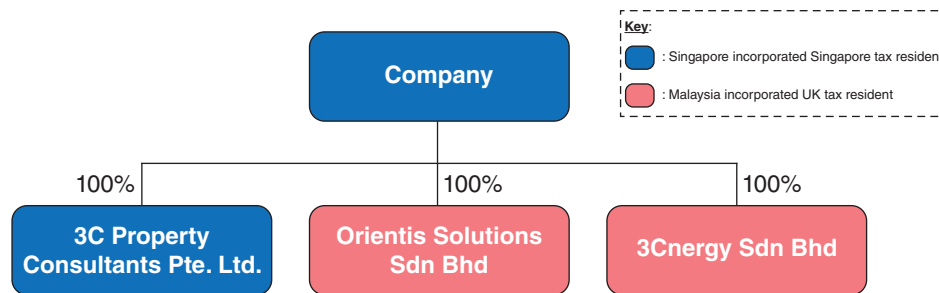
At the extraordinary general meeting held on 29 November 2023, Shareholders' approval was obtained for the change of the name of the Company from "3Cnergy Limited" to "Prosper Cap Corporation Limited". The change of name was proposed to better reflect the identity and status of the enlarged group of companies comprising the Company and the Target Group (the "**Enlarged Group**") and the new business and activities of the Enlarged Group after Closing. The change of name of the Company will only take effect subject to and following Closing.

In line with the proposed change of name of the Company, the Company also intends to adopt the corporate logo as shown below.

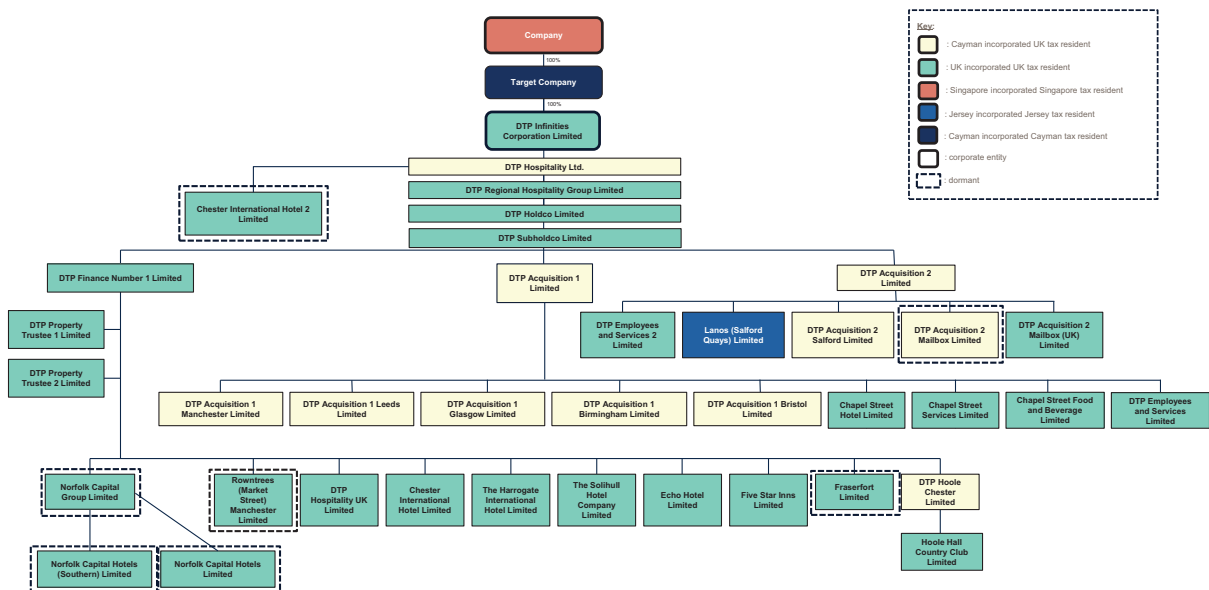


15.4 The Enlarged Group Structure

The following diagram depicts the structure of the Group as at the Latest Practicable Date.



The following diagram depicts the structure of the Enlarged Group following Closing.



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15.5 Changes in Shareholding Structure

As at the Latest Practicable Date, there is only one (1) class of shares in the capital of the Company, being ordinary shares. There are no founder, management, deferred or unissued shares. The existing Shares do not carry voting rights which are different from the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares, the Company Placement Shares and the PPCF Shares. The rights of and privileges attached to the Shares are stated in the Constitution.

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Based on the shareholdings of the Company as at the Latest Practicable Date (or in respect of the Seller's Group entities listed below and the UBO, as at the date of this Circular), the shareholding structure of the Company before and immediately after the Proposed Transactions are summarised below:

Name	As at Latest Practicable Date (or in respect of the Seller's Group entities listed below and the UBO, as at the date of this Circular)		After the Proposed Share Consolidation and allotment and issuance of Consideration Shares, all Conversion Shares, PPCF Shares, and before the allotment and issuance of Company Placement Shares ⁽¹⁾		After the Proposed Share Consolidation and allotment and issuance of Consideration Shares, all Conversion Shares, PPCF Shares, and after the allotment and issuance of Company Placement Shares ⁽¹⁾	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Existing Directors						
Mr. Ong Pai Koo @ Sylvester	-	-	-	-	-	-
Ms. Lai Ven Li	-	-	-	-	-	-
Ms. Au Foong Yee ⁽²⁾	2,000,000	0.07	20,000	n.m.	20,000	n.m.
Proposed New Board						
Mr. Bunyong Visatamongkolchai	-	-	-	-	-	-
Mr. Hansa Susayan	-	-	-	-	-	-
Mr. Iqbal Jumabhoy	-	-	-	-	-	-
Mrs. Sasinan Allmand	-	-	-	-	-	-
Mr. Lee Kwai Seng	-	-	-	-	-	-
Mr. Christopher Tang Kok Kai	-	-	-	-	-	-
Mr. Chiew Chun Wee	-	-	-	-	-	-
Existing Substantial Shareholders (other than the Existing Directors and Proposed New Board)						
Phileo Capital ⁽³⁾	1,187,672,240	38.72	-	-	12,634,297	0.78
TMF Trustees Pte. Ltd. ⁽³⁾	-	-	1,187,672,240	38.72	-	-
					12,634,297	0.78

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Name	As at Latest Practicable Date (or in respect of the Seller's Group entities listed below and the UBO, as at the date of this Circular)			After the Proposed Share Consolidation and allotment and issuance of Consideration Shares, all Conversion Shares, and before the allotment and issuance of Company Placement Shares ⁽¹⁾			After the Proposed Share Consolidation and allotment and issuance of Consideration Shares, all Conversion Shares, all PCL Loan Shares, all Conversion Shares, all PCL Loan Conversion Shares, PPCF Shares, and after the allotment and issuance of Company Placement Shares ⁽¹⁾					
	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Tan Sri Tong Kooi Ong ⁽⁴⁾	-	-	1,187,672,240	38.72	-	-	12,634,297	0.90	-	-	12,634,297	0.78
Halfmoon Bay Capital Limited ⁽⁵⁾	199,004,973	6.49	-	-	1,990,049	0.14	-	-	1,990,049	0.12	-	-
Tan Sri Wan Azmi bin Wan Hamzah ⁽⁶⁾	-	-	318,407,958	10.38	-	-	3,184,079	0.23	-	-	3,184,079	0.20
Champion Brave Sdn Bhd	636,815,920	20.76	-	-	6,368,159	0.46	-	-	6,368,159	0.40	-	-
Tan Sri Lee Oi Hian ⁽⁷⁾	-	-	636,815,920	20.76	-	-	6,368,159	0.46	-	-	6,368,159	0.40
Casi Management Sdn Bhd ⁽⁸⁾	318,407,958	10.38	-	-	3,184,079	0.23	-	-	3,184,079	0.20	-	-
Tan Sri Dato' Surin Upatkoon ⁽⁹⁾	-	-	318,407,958	10.38	-	-	3,184,079	0.23	-	-	3,184,079	0.20
Seller												
DTP Inter Holdings Corporate Pte. Ltd. ⁽¹⁰⁾	-	-	-	-	1,366,083,090	97.61	-	-	1,366,083,090	84.82	-	-
DTGO Prosperous Limited ⁽¹⁰⁾	-	-	-	-	-	-	1,366,083,090	97.61	-	-	1,366,083,090	84.82
DTGO Corporation Limited ⁽¹¹⁾	-	-	-	-	-	-	1,366,083,090	97.61	-	-	1,366,083,090	84.82
DT Group of Companies Corporation Limited ⁽¹²⁾	-	-	-	-	-	-	1,366,083,090	97.61	-	-	1,366,083,090	84.82
Mrs. Thippaporn Ahriyavaromp ⁽¹³⁾	-	-	-	-	-	-	1,366,083,090	97.61	-	-	1,366,083,090	84.82
Other Shareholders												
Golden Ring Worldwide Ltd ⁽⁶⁾	119,402,985	3.89	-	-	1,194,029	0.09	-	-	1,194,029	0.07	-	-

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Name	As at Latest Practicable Date (or in respect of the Seller's Group entities listed below and the UBO, as at the date of this Circular)		After the Proposed Share Consolidation and allotment and issuance of Consideration Shares, all Conversion Shares, and before the allotment and issuance of Company Placement Shares ⁽¹⁾		After the Proposed Share Consolidation and allotment and issuance of Consideration Shares, all Conversion Shares, all PCL Loan Conversion Shares, PPCF Shares, and after the allotment and issuance of Company Placement Shares ⁽¹⁾	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
PPCF ⁽¹⁴⁾	-	-	1,970,000	0.14	1,197,000	0.12
Other existing public shareholders	603,749,902	19.69	6,037,499	0.43	6,037,499	0.37
Placees under the Proposed Compliance Placement ⁽¹⁵⁾	-	-	-	-	211,000,000	13.10
Total	3,067,053,978	100.0	1,399,481,202	100.0	1,610,481,202	100.0

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Notes:

- (1) On the assumption that (a) the Seller's Loan of S\$7,000,000 was fully drawn down and converted into 21,212,121 Conversion Shares at the Issue Price; (b) PCL Loan of S\$250,000 was fully drawn down and converted into 757,575 Shares at the Issue Price; (c) where applicable, the maximum number of 211,000,000 Company Placement Shares have been issued and allotted; and (d) the Actual Consideration is the Estimated Consideration.
- (2) The shares are held jointly with her spouse.
- (3) By virtue of Section 4 of the SFA, TMF Trustees is deemed interested in the shares held by Phileo Capital which is 100% held by TMF Trustees.
- (4) By virtue of Section 4 of the SFA, Tan Sri Tong is deemed interested in the shares held by Phileo Capital as Tan Sri Tong is the sole ultimate beneficial owner of Phileo Capital through TMF Trustees, the trustee of a family trust of which Tan Sri Tong is the sole beneficiary.
- (5) The entire shares are held in the name of Citibank Nominees Singapore Pte. Ltd.
- (6) By virtue of Section 4 of the SFA, Tan Sri Wan Azmi bin Wan Hamzah is deemed interested in the shares held by Golden Ring Worldwide Ltd and Halfmoon Bay Capital Limited as he holds 100% and 28.57% of shares in Golden Ring Worldwide Ltd and Halfmoon Bay Capital Limited, respectively.
- (7) By virtue of Section 4 of the SFA, Tan Sri Lee Oi Hian is deemed interested in the shares held by Champion Brave Sdn Bhd as he is a 99.99% majority shareholder of Champion Brave Sdn Bhd.
- (8) The entire shares are held in the name of UOB Kay Hian Pte. Ltd. for Metra Nominees Sdn Bhd, appointed nominee for Casi Management Sdn Bhd.

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- (9) By virtue of Section 4 of the SFA, Tan Sri Dato' Surin Upatkoon is deemed interested in the shares held by Casi Management Sdn Bhd as he is a 92.72% majority shareholder of Casi Management Sdn Bhd.
- (10) The Company is a direct wholly-owned subsidiary of DTP Inter Holdings. DTP holds 100% direct interest in DTP Inter Holdings and is therefore deemed to be interested in all of the Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA.
- (11) DTGO Corporation holds approximately 99.99% direct interest in DTP, which in turn holds 100% direct interest in DTP Inter Holdings. The remaining 0.01% direct interests in DTP are held by the UBO and her sibling. DTGO Corporation is therefore deemed to be interested in all of the Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA.
- (12) DT Group holds approximately 99.99% direct interest in DTGO Corporation. The remaining 0.01% direct interests in DTGO Corporation are held by the UBO and her sibling. DTGO Corporation holds approximately 99.99% direct interest in DTP, which in turn holds 100% direct interest in DTP Inter Holdings. DT Group is therefore deemed to be interested in all of the Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA.
- (13) The UBO holds approximately 81.0% direct interest in DT Group. DT Group holds approximately 99.99% direct interest in DTGO Corporation. DTGO Corporation holds approximately 99.99% direct interest in DTP, which in turn holds 100% direct interest in DTP Inter Holdings. DT Group is therefore deemed to be interested in all of the Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA. The remaining 19.0 per cent. direct interest in DT Group are held by four (4) siblings of the UBO. Each of these shareholders (individually and together with their associates, as defined in section 4(5) of the SFA) are not deemed to be interested in all of the Shares which DTP Inter Holdings holds by virtue of section 4 of the SFA.
- (14) These represent the PPCF Shares which will be allotted and issued by the Company in partial satisfaction of the management fees due to PPCF as the Sponsor and Financial Adviser to the Company in respect of the Proposed Transactions.
- (15) Pursuant to the Proposed Compliance Placement.

Save as disclosed above, the Company is not directly or indirectly owned or controlled, whether severally or jointly, by any government or any other person.

As at the Latest Practicable Date, save for the Proposed Acquisition, there is no other arrangement the operation of which may, at a subsequent date, result in a change of control of the Company after Closing.

As at the Latest Practicable Date, there has not been any public take-over offer by a third party in respect of any of the Shares of the Company or by the Company in respect of the shares of another corporation or the units of a business trust, which has occurred between 1 January 2022 and the Latest Practicable Date.

In compliance with the Minimum Public Float Requirement, upon Closing (including the completion of the Proposed Compliance Placement), the interests of existing public shareholders of the Company (which exclude the interests of the Proposed New Board and Substantial Shareholder) would constitute 15.05% (assuming the maximum number of 211,000,000 Company Placement Shares are issued and allotted pursuant to the Proposed Compliance Placement) of the Company's Enlarged Share Capital and the number of public shareholders would be more than 200. Thus, the Minimum Public Float Requirement would be met.

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15.6 Moratorium

Rule 1015(3)(b) of the Catalist Rules provides that moratorium requirements specified in Rules 420, 421 and 422 are applicable to the following persons: (a) persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition; and (b) associates of any person in (a). Please refer to Section 14 of this Circular titled “*Waivers from the SGX-ST*” on the Moratorium Wavier in respect of the moratorium requirements applicable to the existing controlling shareholders of the Company.

Seller

Upon Closing, the Seller will receive the Consideration Shares in accordance with the terms of the SPA and will become a new controlling shareholder of the Company.

Accordingly, in compliance with the moratorium requirements and to demonstrate their commitment to the Enlarged Group, the Seller has agreed with the Company and the Sponsor that it will not, for a period of six (6) months commencing from the date of resumption of trading following the trading halt to facilitate the completion of the Proposed Transactions (the “**Commencement Date**”) (both dates inclusive) (the “**First Lock-up Period**”) and the period commencing on the day immediately following the expiry of the First Lock-up Period until the date falling 60 months commencing from the Commencement Date (both dates inclusive) (the “**Second Lock-up Period**”), without the prior written consent of the Company and the Sponsor (such consent not to be unreasonably withheld), directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the Shares which it legally and/or beneficially, directly and/or indirectly, owns or will own immediately after Closing (adjusted for any bonus issue or sub-division) (the “**Seller Lock-up Shares**”) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Seller Lock-up Shares, (b) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing, (c) deposit any of the Seller Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purpose of complying with its obligations), (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above or (e) announce or publicly disclose any intention to do any of the above. The foregoing restrictions shall apply to (i) all the Seller Lock-up Shares for the First Lock-up Period, and (ii) such number of Seller Lock-up Shares which amounts to 51.0% of the ordinary shares in the capital of the Company for the Second Lock-up Period.

The foregoing restrictions do not apply to:

- (a) the creation of a charge over any Seller Lock-up Shares or other grant of security over or creation of any encumbrance over any Seller Lock-up Shares, provided that under the above undertaking, such charge, security or encumbrance can only be enforced after the end of the First Lock-up Period (but only in respect of those Seller Lock-up Shares which are not subject to restriction pursuant to the above) or the Second Lock-up Period (and for the avoidance of doubt, any enforcement of such charge, security or encumbrance during the First Lock-up Period or the Second Lock-up Period (in respect of those Seller Lock-up Shares which are subject to restriction pursuant to the above) will be a breach of such undertaking); or

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- (b) the transfer of any Seller Lock-up Shares (i) to and between DTP Inter Holdings and any of DTP, DTGO Corporation, DT Group, the UBO or any companies directly or indirectly wholly-owned by any of the foregoing, provided that such person or company has executed and delivered to the Company and the Sponsor an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period (as the case may be), or (ii) after 12 months from the Commencement Date, to any other transferee so long as the UBO maintains a deemed and/or direct interests in no less than 51.0% of the ordinary shares in the capital of the Company for the unexpired period of the Second Lock-up Period.

DTP

Upon Closing, DTP will hold an indirect shareholding in the Company and become a new controlling shareholder of the Company. Please refer to Section 15.5 of this Circular titled “*Changes in Shareholding Structure*” for more information.

Accordingly, DTP has agreed with the Company and the Sponsor that it will not, from the Commencement Date until the date falling 60 months commencing from the Commencement Date (both dates inclusive) (the “**Lock-up Period**”), without the prior written consent of the Company and the Sponsor (such consent not to be unreasonably withheld), directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the ordinary shares in the capital of DTP Inter Holdings which it legally and/or beneficially, directly and/or indirectly, owns or will own immediately after Closing (adjusted for any bonus issue or sub-division) (the “**DTP Lock-up Shares**”) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the DTP Lock-up Shares, (b) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing, (c) deposit any of the DTP Lock-up Shares in any depository receipt facilities, (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above or (e) announce or publicly disclose any intention to do any of the above.

The foregoing restrictions do not apply to:

- (a) the creation of a charge over any DTP Lock-up Shares or other grant of security over or creation of any encumbrance over any DTP Lock-up Shares, provided that under the above undertaking, such charge, security or encumbrance can only be enforced after the end of the Lock-up Period (and for the avoidance of doubt, any enforcement of such charge, security or encumbrance during the Lock-up Period will be a breach of such undertaking); or
- (b) the transfer of any DTP Lock-up Shares (i) to and between DTP and any of DTP Inter Holdings, DTGO Corporation, DT Group, the UBO or any companies directly or indirectly wholly-owned by any of the foregoing, provided that such person or company has executed and delivered to the Company and the Sponsor an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the Lock-up Period, or (ii) after 12 months from the Commencement Date, to any other transferee so long as the UBO maintains a deemed and/or direct interests in no less than 51.0% of the ordinary shares in the capital of the Company for the unexpired period of the Lock-up Period.

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DTGO Corporation

Upon Closing, DTGO Corporation will hold an indirect shareholding in the Company and become a new controlling shareholder of the Company. Please refer to Section 15.5 of this Circular titled “*Changes in Shareholding Structure*” for more information.

Accordingly, DTGO Corporation has agreed with the Company and the Sponsor that it will not, during the Lock-up Period, without the prior written consent of the Company and the Sponsor (such consent not to be unreasonably withheld), directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the ordinary shares in the capital of DTP which it legally and/or beneficially, directly and/or indirectly, owns or will own immediately after Closing (adjusted for any bonus issue or sub-division) (the “**DTGO Corporation Lock-up Shares**”) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the DTGO Corporation Lock-up Shares, (b) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing, (c) deposit any of the DTGO Corporation Lock-up Shares in any depository receipt facilities, (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above or (e) announce or publicly disclose any intention to do any of the above.

The foregoing restrictions do not apply to:

- (a) the creation of a charge over any DTGO Corporation Lock-up Shares or other grant of security over or creation of any encumbrance over any DTGO Corporation Lock-up Shares, provided that under the above undertaking, such charge, security or encumbrance can only be enforced after the end of the Lock-up Period (and for the avoidance of doubt, any enforcement of such charge, security or encumbrance during the Lock-up Period will be a breach of such undertaking); or
- (b) the transfer of any DTGO Corporation Lock-up Shares (i) to and between DTGO Corporation and any of DTP Inter Holdings, DTP, DT Group, the UBO or any companies directly or indirectly wholly-owned by any of the foregoing, provided that such person or company has executed and delivered to the Company and the Sponsor an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the Lock-up Period, or (ii) after 12 months from the Commencement Date, to any other transferee so long as the UBO maintains a deemed and/or direct interests in no less than 51.0% of the ordinary shares in the capital of the Company for the unexpired period of the Lock-up Period.

DT Group

Upon Closing, DT Group will hold an indirect shareholding in the Company and become a new controlling shareholder of the Company. Please refer to Section 15.5 of this Circular titled “*Changes in Shareholding Structure*” for more information.

Accordingly, DT Group has agreed with the Company and the Sponsor that it will not, during the Lock-up Period, without the prior written consent of the Company and the Sponsor (such consent not to be unreasonably withheld), directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant

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security over, encumber or otherwise transfer or dispose of, any of the ordinary shares in the capital of DTGO Corporation which it legally and/or beneficially, directly and/or indirectly, owns or will own immediately after Closing (adjusted for any bonus issue or sub-division) (the “**DT Group Lock-up Shares**”) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the DT Group Lock-up Shares, (b) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing, (c) deposit any of the DT Group Lock-up Shares in any depository receipt facilities, (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above or (e) announce or publicly disclose any intention to do any of the above.

The foregoing restrictions do not apply to:

- (a) the creation of a charge over any DT Group Lock-up Shares or other grant of security over or creation of any encumbrance over any DT Group Lock-up Shares, provided that under the above undertaking, such charge, security or encumbrance can only be enforced after the end of the Lock-up Period (and for the avoidance of doubt, any enforcement of such charge, security or encumbrance during the Lock-up Period will be a breach of such undertaking); or
- (b) the transfer of any DT Group Lock-up Shares (i) to and between DT Group and any of DTP Inter Holdings, DTP, DTGO Corporation, the UBO or any companies directly or indirectly wholly-owned by any of the foregoing, provided that such person or company has executed and delivered to the Company and the Sponsor an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the Lock-up Period, or (ii) after 12 months from the Commencement Date, to any other transferee so long as the UBO maintains a deemed and/or direct interests in no less than 51.0% of the ordinary shares in the capital of the Company for the unexpired period of the Lock-up Period.

Mrs. Thippaporn Ahriyavraromp

Upon Closing, the UBO will hold an indirect shareholding in the Company and become a new controlling shareholder of the Company. Please refer to Section 15.5 of this Circular titled “*Changes in Shareholding Structure*” for more information.

Accordingly, the UBO has agreed with the Company and the Sponsor that she will not, during the Lock-up Period, without the prior written consent of the Company and the Sponsor (such consent not to be unreasonably withheld), directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the ordinary shares in the capital of DT Group which she legally and/or beneficially, directly and/or indirectly, owns or will own immediately after Closing (adjusted for any bonus issue or sub-division) (the “**UBO Lock-up Shares**”) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the UBO Lock-up Shares, (b) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing, (c) deposit any of the UBO Lock-up Shares in any depository receipt facilities, (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above or (e) announce or publicly disclose any intention to do any of the above.

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The foregoing restrictions do not apply to:

- (a) the creation of a charge over any UBO Lock-up Shares or other grant of security over or creation of any encumbrance over any UBO Lock-up Shares, provided that under the above undertaking, such charge, security or encumbrance can only be enforced after the end of the Lock-up Period (and for the avoidance of doubt, any enforcement of such charge, security or encumbrance during the Lock-up Period will be a breach of such undertaking); or
- (b) the transfer of any UBO Lock-up Shares (i) to and between the UBO and any of DTP Inter Holdings, DTP, DTGO Corporation, DT Group or any companies directly or indirectly wholly-owned by any of the foregoing, provided that such person or company has executed and delivered to the Company and the Sponsor an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the Lock-up Period, or (ii) after 12 months from the Commencement Date, to any other transferee so long as the UBO maintains a deemed and/or direct interests in no less than 51.0% of the ordinary shares in the capital of the Company for the unexpired period of the Lock-up Period.

PPCF

As part of PPCF's professional fees as the Sponsor and Financial Adviser to the Company in respect of the Proposed Acquisition, the Company shall allot and issue 1,970,000 PPCF Shares at the Issue Price (with an aggregate value of S\$650,000) pursuant to PPCF's terms of engagement. Please refer to Section 5 of this Circular titled "*The Proposed Allotment and Issuance of PPCF Shares*".

Pursuant to PPCF's terms of engagement, PPCF has agreed with the Company that it will not, from the Commencement Date until the date falling three months commencing from the Commencement Date (both dates inclusive) ("**PPCF Lock-up Period**"), without the prior written consent of the Company, directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the Shares which it legally and/or beneficially, directly and/or indirectly, owns or will own immediately after Closing (adjusted for any bonus issue or sub-division) (the "**PPCF Lock-up Shares**") or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the PPCF Lock-up Shares, (b) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing, (c) deposit any of the PPCF Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purpose of complying with its obligations), (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above or (e) announce or publicly disclose any intention to do any of the above. After the completion of the aforementioned moratorium period, PPCF may at its discretion dispose of its shareholding interests in the Company.

The foregoing restrictions do not apply to the transfer of any PPCF Lock-up Shares to and between companies, investment funds or other entities wholly-owned by PPCF (if any), provided that such entity has executed and delivered to the Company an undertaking substantially on the same terms to the effect that it will undertake to comply with the foregoing restrictions for the unexpired period of the PPCF Lock-up Period.

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16. DIVIDEND POLICY

The Company has not declared or paid any dividend during the Relevant Period. Neither the Company nor the Target Group currently has a formal dividend policy. Please refer to Section 10 of the Target's Letter to Shareholders titled "*Dividends*" for information on the dividends declared by the Target Group during the Relevant Period.

There can be no assurance that dividends will be paid in the future or on the amount or timing of any dividends that may be paid in the future. The declaration and payment of dividends will be determined at the sole discretion of the Proposed New Board, subject to the approval of the Shareholders.

The Company may, by ordinary resolution of its Shareholders at a general meeting, declare dividends but the amount of such dividends shall not exceed the amount recommended by the Proposed New Board. The Proposed New Board may also declare an interim dividend without seeking Shareholders' approval. The Company may only pay dividends out of its profits pursuant to the Companies Act.

In making their dividend recommendation, the Proposed New Board will take into consideration, *inter alia*, the performance of the Enlarged Group and the following factors:

- (i) the level of cash and retained earnings;
- (ii) the actual and projected financial performance and financial condition;
- (iii) projected working capital requirements;
- (iv) projected levels of capital expenditure and other investment plans;
- (v) restrictions on payment of dividends imposed on the Enlarged Group by its financing arrangements or other agreements, if any; and
- (vi) any other factors deemed relevant by the Proposed New Board.

Shareholders and prospective investors should note that all the foregoing statements are statements of the intention of the Proposed New Board and shall not constitute legally binding statements in respect of future dividends which may be subject to the sole and absolute discretion of the Proposed New Board. No inference should or can be made from any of the foregoing statements as to actual future profitability of the Enlarged Group or the ability of the Enlarged Group to pay dividends in the future.

Please refer to Section 17 of this Circular titled "*Risk Factors – Risks Relating to the Target Group's Business – The Target Group's ability to pay dividends in the future is dependent on several factors*".

17. RISK FACTORS

An investment in the Shares following the completion of the Proposed Transactions involves a number of risks some of which could be substantial, including business, operational, legal and regulatory risks relating to the Target Group.

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Shareholders should evaluate carefully the information set out in this Section 17 of this Circular (collectively, “Risk Factors”), and the other information in this Circular before deciding on the Proposed Acquisition and how to cast their votes at the EGM. Shareholders and prospective investors should consider the Risk Factors in light of their own investment objectives, risk appetite and financial circumstances, and should seek professional advice from their own legal, financial, tax or other professional adviser(s).

To the best of the knowledge and belief of the Proposed New Board, all Risk Factors which are material to Shareholders and prospective investors in making an informed judgment of the Target Group, the Proposed Acquisition and the Enlarged Group have been set out below. However, the Risk Factors described below are not the only risks that the Target Group and the Enlarged Group currently face or will face. Additional risks not presently known to the Group and the Target Group or that the Group and the Target Group currently deem immaterial may also impair business operations. The Risk Factors should not be construed as a comprehensive or exhaustive listing of all the risk factors and the listing is not set out in any particular order. New risk factors may emerge from time to time and it is not possible for the Proposed New Board to predict all risk factors, nor can the Company assess the impact of all factors or the extent to which any factor or combination of factors may affect the Target Group and/or the Enlarged Group.

If any of these risks occur or turn out to be material, the business, financial condition, results of operations and prospects of the Target Group and the Enlarged Group could be, directly or indirectly, materially and adversely affected. In the event that any of the foregoing occurs, the trading price of the Shares could fluctuate and/or decline and Shareholders may lose all or part of their investment in the Shares.

This Circular also contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results could differ materially from those anticipated or implied in these forward-looking statements as a result of certain factors, including the Risk Factors. Please refer to the Section titled “Cautionary Note Regarding Forward-Looking Statements” of this Circular.

RISKS RELATING TO THE TARGET GROUP’S BUSINESS

The Target Group is exposed to risks arising from the lack of asset and geographical diversification

The Target Group owns a portfolio of hospitality assets in the United Kingdom, comprising 17 predominantly upscale hotels in geographically diverse locations across the United Kingdom. While the Target Group believes that the portfolio of Hospitality Assets has a balanced geographical spread across the United Kingdom (including in major cities and areas with higher levels of tourism and historic interests), is well diversified across three (3) different renowned international hotel brands, and caters to a balanced mix of business and leisure hotel guests, the Target Group is nevertheless subject to a level of concentration risk compared to competitors which have a wider international presence and broader range and profile of assets.

As all of the Hospitality Assets are located in the United Kingdom, the market value of the Hospitality Assets could be affected by events or conditions specific to the United Kingdom, for example localised floodings (which may result in some uninsured losses). In addition, the performance of the portfolio of Hospitality Assets is, among others, dependent upon the strength of the economy in the United Kingdom, which is beyond the

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control of the Target Group. Likewise, any events which impact the demand for travel to and within the United Kingdom (including geo-political events, actual or threatened acts of terrorism or war, any national travel restrictions and natural disasters), could disproportionately harm the Target Group as its Hotels located in the United Kingdom would be impacted by such events. Accordingly, there is a risk that adverse economic or other developments affecting the United Kingdom could adversely affect the Target Group's business, financial condition, results of operations and prospects.

The Target Group faces risks associated with debt financing and refinancing of maturing debt

The Target Group has had to rely on loans from external lenders as well as loans from its controlling shareholders and associates of its controlling shareholders for its continuing operations. As at 31 December 2020, 2021 and 2022, the Target Group's gearing ratio, determined based on net borrowings (calculated as the sum of (i) secured bank loans, (ii) lease liabilities, (iii) loan from immediate holding company, (iv) loan from intermediate holding companies, (v) loan from a related company and (vi) interest payable, less cash and cash equivalents) divided by shareholders' equity was (330)%, (359)% and (306)% respectively due to its negative shareholders' equity position, and as at 30 June 2023, the gearing ratio was 1,369%. The gearing ratio of the Target Group has changed from (306%) to 1,369% due to the Existing Shareholder Loans Capitalisation – see Sections 8.5 and 13.3 of the Target's Letter to Shareholders titled "*Liquidity and Capital Resources*" and "*Present and Ongoing Interested Person Transactions*" which had reduced the Target Group's net borrowings, and improved the Target Group's net asset position from negative as at 31 December 2022 to positive as at 30 June 2023. Although the Sponsor has considered the change in gearing ratio from 31 December 2022 to 30 June 2023 as well as the improvement of the pro forma gearing ratio as at 30 June 2023 of 368% due to a reduction in net borrowings, and the further improvement due to the repayment of shareholders' loan as set out in Section 7.3 of this Circular titled "*Use of Proceeds*", in its assessment of the Target Group's suitability to list, there can be no assurance that the gearing ratio of the Target Group will continue to improve.

The Target Group's existing borrowings (in particular borrowings from external lenders which are likely to contain more stringent terms than shareholder loans) could have a significant impact on the Target Group's business, financial condition and/or results of operations by:

- exposing the Target Group, or increasing its exposure, to interest rate risk;
- requiring the Target Group to dedicate a substantial portion of cash flow to debt service thereby reducing the resources available for other purposes such as investment;
- limiting, through financial and restrictive covenants, the Target Group's ability to pay dividends or make loans within the Target Group, make certain investments or acquisitions or borrow additional funds;
- subjecting the Target Group's assets to security interests thereby restricting the Target Group's freedom to deal with such assets as it sees fit; and
- increasing the Target Group's vulnerability to downturns in the hospitality industry and the economy generally.

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Any of the above could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

There is no assurance that the Target Group will be able to obtain sufficient financing or refinancing or, if available, that the terms of such financing or refinancing will be comparable or as favourable as the terms of existing borrowings.

As at the date of this Circular, the Target Group has two (2) secured term loan facilities from external lenders which are due for repayment at maturity in December 2024 – please refer to Section 9.1 of the Target's Letter to Shareholders titled "*Borrowings*" for a description of the Target Group's borrowings. The Target Group will need to repay such maturing debt with funds from additional debt or equity financing or both. There is no assurance that such refinancing will be available on acceptable terms or at all. While nothing has come to the attention of the Proposed New Board that the Target Group will have any difficulty in refinancing the Senior Loan and Mezzanine Loan as and when they fall due for repayment at maturity in December 2024, in the event that principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, the Target Group will not be able to repay the maturing debt. Any failure to satisfy debt obligations would result in a default under the terms of current financing arrangements and could constitute a cross-default under the Target Group's other borrowings, thereby having a material adverse effect on the Target Group's financial condition.

In recent months, the Bank of England, the US Federal Reserve and other major central banks have increased interest rates aggressively and signalled that interest rates could stay elevated for longer to tame the still-high rate of inflation. See "*Risks Relating to the Hospitality Industry – Increases in interest rates, and general uncertainty regarding interest rates, could adversely affect the Target Group's business, financial condition, results of operations and prospects*" below. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, the increased interest expense would adversely affect the Target Group's cash flow and profitability. Any significant increase in interest rates, especially for a prolonged period, could have a material and adverse effect on the Target Group's business, financial condition, results of operations and prospects.

The Target Group is subject to financial and other restrictive covenants and failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Target Group to refinance its borrowings

The Target Group is subject to financial and other restrictive covenants under the terms of its current financing arrangements. In particular, the Senior Facility Agreement and Mezzanine Facility Agreement contain various covenants and undertakings that limit the ability of Target Group Companies to engage in specified types of transactions, including restrictions on certain investments, acquisitions or disposals, on incurring additional indebtedness and granting security. These covenants and undertakings are, in some cases, subject to certain exceptions, but could materially adversely affect the Target Group's ability to undertake capital expenditure or pursue business opportunities.

Further, each of the Senior Loan and the Mezzanine Loan may be declared under the Facility Agreements to be immediately due and payable if, among other things, UBO or a permitted family member of the UBO ceases to control DTGO Corporation (in each case, a controlling shareholder of the Target Group) other than as a result of mental incapacity

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of the UBO or such permitted family member, or (in respect of the Senior Loan) DTP Holdco Limited or (in respect of the Mezzanine Loan) DTP Hospitality ceases to be controlled¹, solely managed or solely advised, directly or indirectly by DTGO Corporation Limited. The Target Group has no control over the actions of its controlling shareholders, including any disposal of relevant shares by the controlling shareholders which may result in the foregoing. While the Target Group does not have any recourse under the Facility Agreements to its controlling shareholders in the event of mandatory prepayment of the Senior Loan and the Mezzanine Loan due to a change of control caused by any such disposal of relevant shares by its controlling shareholders, the risk of the foregoing is substantially mitigated by the moratorium undertakings provided by the relevant controlling shareholders to the Company and PPCF (which are referred to in Section 15.6 of this Circular titled "*Moratorium*").

During the Relevant Period, save as disclosed in this risk factor, there have been no past incidents of non-compliance or failure to satisfy any obligations under the Target Group's financing arrangement which had a material adverse impact on the Target Group's business, financial condition and results of operations. Nonetheless, if an event of default occurs under the terms of the Senior Facility Agreement and/or the Mezzanine Facility Agreement, including, for the avoidance of doubt, an event of default arising from termination of any of the hotel operating documents (comprising the Valor Management Agreement, the Hotel Franchise Agreements and other ancillary or related agreements relating to the operation of the Hotels) (see Section 9.1 of the Target's Letter to Shareholders titled "*Borrowings – Senior Facility Agreement and Mezzanine Facility Agreement – Events of Default*" as well as the risk factors headed "*The Target Group is reliant on Valor for its operations*" and "*The Target Group is dependent on, and affected by the performance of, reputation of and developments affecting, the Franchisors*"), the respective lenders may exercise their acceleration rights and declare the principal amount outstanding under the Senior Loan and/or the Mezzanine Loan (together with accrued unpaid interest) immediately due and payable, and may initiate enforcement proceedings in respect of the security provided (including taking possession of the underlying property), and/or call upon any guarantees provided, unless such default is remedied (if the default is remediable) or waived, or parties agree to an amendment to the terms of the relevant facility agreement.

In this regard, it should be noted that modification of certain terms of the Senior Facility Agreement (such as reduction in interest payable or extension of repayment date) would require an Extraordinary Resolution of each affected Class of Notes. For instance, as a result of the COVID-19 pandemic, the Target Group was unable to comply with the requirements of certain financial covenants and had to obtain waivers of such defaults and amendments to the covenant testing in respect of both the Senior Facility Agreement and the Mezzanine Facility Agreement. The Target Group had to also obtain consent from the holders of the Notes and Mezzanine Lenders in relation to certain waivers and amendments to the terms of the Senior Facility Agreement, the Mezzanine Facility Agreement and the Intercreditor Agreement. See Section 9.1 of the Target's Letter to

1 "Control" means in respect of a person: (a) (whether directly or indirectly) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (i) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting (or equivalent meeting of stakeholders in any jurisdiction) of that person; (ii) appoint or remove the majority of the directors, managers, trustee or other equivalent officers of that person; and (iii) give directions with respect to the operating and financial policies of that person with which the directors, managers, trustee or other equivalent officers of that person are obliged to comply; and (b) the holding beneficially of more than 50 per cent., of the issued share capital (or equivalent interest of any nature) of that person.

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Shareholders titled *“Borrowings – Senior Facility Agreement and Mezzanine Facility Agreement – Servicing of the Senior Loan; Amendments and Waivers”* for details.

Whilst the Target Group’s financial position has improved since the lifting of the lockdown restrictions in May 2021, there can be no assurance that the Target Group will not breach the requirements of financial or other restrictive covenants in the future and that the Target Group will be able to obtain the necessary consent to amend and/or waive the relevant covenants, or that any such waivers will continue to be available. For example, the Target Group has had to seek a number of successive waivers in respect of its obligation to reduce certain intragroup indebtedness under the Facility Agreements. The latest waiver (available until December 2024) was granted subject to certain conditions, including, but not limited to, that the Target Group consider and, if thought feasible, implement an intra-group reorganisation involving certain steps or actions such as capital reductions, non-cash distributions, settlements of intra-group liabilities and a corporate group rationalisation to remove dormant entities within the Target Group in accordance with a timetable agreed with the lenders. If any condition of the waiver is not complied with in accordance with its terms, the waiver shall cease to be of any effect, resulting in an immediate event of default under the Facility Agreements. See Section 9.1 of the Target’s Letter to Shareholders titled *“Borrowings – Senior Facility Agreement and Mezzanine Facility Agreement – Waiver of Reduction Obligation under the Facility Agreements”* for details.

In general, if the steps and/or discussions to obtain consent to amend and/or waive relevant covenants under the Target Group’s financings are unsuccessful, the Target Group might be forced to sell some of its assets to meet such obligations or seek alternative financing to repay such borrowings. The lenders under such financings could also enforce their security and take possession of the underlying property. Any cross-default provisions could magnify the effect of an individual default and could result in a substantial loss for the Target Group. See *“Risks Relating to the Target Group’s Business – The Target Group faces risks associated with debt financing and refinancing of maturing debt”* above.

The Target Group has recorded net losses and negative working capital in recent years and may continue to experience losses and record a negative working capital position in the future

Save for FY2021 and 1H2023, the Target Group reported net losses for the Period Under Review. The Target Group reported a net loss of approximately £134.8 million, £28.8 million and £11.0 million for FY2020, FY2022 and 1H2022 respectively. The net loss recorded in FY2020 was due primarily to the COVID-19 restrictions imposed on worldwide travel as well as the United Kingdom hospitality sector that had materially impacted the revenue recorded. While the results of the Target Group had improved since FY2020, the net loss recorded in 1H2022 was due mainly to the discovery of the Omicron COVID-19 variant around January 2022 which had materially impacted the revenue recorded, and the net loss in FY2022 was due mainly to a one-off impairment loss on land recorded in FY2022. Please refer to Section 8 of the Target’s Letter to Shareholders titled *“Management’s Discussion and Analysis of Financial Position and Results of Operations”*.

The Target Group also recorded negative working capital position for the Period Under Review, of approximately £501.5 million, £218.5 million, £257.6 million and £121.7 million as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 respectively. After taking into account the Pro Forma Adjustments and the reclassification

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of the Assigned Dees Supreme Loan (supported by an undertaking such that the repayment is not due within 18 months from the date of lodgement of this Circular) to non-current liabilities, the Target Group would be in a positive working capital position of £13.6 million as at 31 December 2022 but will still be in a negative working capital position of £13.4 million as at 30 June 2023. There is no assurance that the Target Group will achieve or maintain a positive working capital position in the foreseeable future. Please refer to Section 8.5 of the Target's Letter to Shareholders titled "*Management's Discussion of and Analysis of Financial Position and Results of Operations – Liquidity and Capital Resources*" for more information.

In addition, there can be no assurance that the Target Group will be able to be and remain profitable in the foreseeable future. The Target Group may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect the Target Group's business. The size of the Target Group's future net losses and negative working capital will depend, in part, on the Target Group's ability to generate revenues and manage expenses and expenditure. If the Target Group is unable to achieve profitability, it may have to reduce the scale of its operations, which may impact the Target Group's business growth and adversely affect its business, financial condition and results of operations.

The Target Group's ability to pay dividends in the future is dependent on several factors

There is no assurance that the Company will pay dividends in the future or, if the Company does pay dividends in the future, when the Company will pay them. The declaration and payment of future dividends will depend upon, *inter alia*, the Enlarged Group's level of cash and retained earnings, actual and projected financial performance and financial condition, projected working capital requirements, projected levels of capital expenditure and other investment plans, restrictions on payment of dividends imposed on the Enlarged Group by its financing arrangements or other agreements, if any, and any other factors which the Proposed New Board may deem relevant. This may be affected by numerous factors including but not limited to general economic conditions, market sentiment, market competition and the success of the Enlarged Group's future plans and business strategies, many of which are beyond the Enlarged Group's control. Any of these factors could have a material adverse effect on the business, financial (including liquidity) position and results of the Enlarged Group's operations, and hence, there is no assurance that the Company will be able to pay dividends to Shareholders after Closing. Please refer to Section 16 of this Circular titled "*Dividend Policy*" and Section 10 of the Target's Letter to Shareholders titled "*Dividends*" for further information on the dividend policy of the Company and the Target Group.

The Enlarged Group's business is operated through subsidiaries within the Target Group, which are foreign subsidiaries located in the United Kingdom, Cayman Islands and Jersey. The Company's ability to declare dividends will also be dependent on the ability of its subsidiaries to declare and pay dividends, distribute capital to the Company, and/or repay shareholder loans (if any). These actions are dependent on, among others, the distributable reserves position of the relevant subsidiary, terms of any borrowing arrangements and other contractual obligations of the relevant subsidiaries.

It is currently unlikely that the Target Group will be able to propose a dividend distribution based on the financial position as at 30 June 2023. The Target Group has accumulated "distribution blocks" as a result of reserve deficits in a number of entities within the Target

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Group. The reserve deficits have arisen as a result of (i) trading losses in 2020 and 2021 as a consequence of the impact of the COVID-19 pandemic and related restrictions, (ii) a reduction in hotel valuations, (iii) impairment losses recognised in respect of investment and receivable balances as a consequence of (i) and (ii), and (iv) accrual of financing costs associated with shareholder and external debt. Whilst the majority of trading entities within the Target Group now generate an operating profit, it is unlikely, given current levels of indebtedness, and there can be no assurance, that future trading profits will be easily remitted to shareholders and potential investors in the near term.

In addition, there are contractual restrictions under the terms of the Senior Facility Agreement and Mezzanine Facility Agreement which prohibit the obligors under these Facility Agreements from declaring or paying any dividends or other distributions to any of its shareholders (whether in cash or in kind), save in the context of specified intra-group distributions or reorganisation. Further, the terms of the Mezzanine Facility Agreement and the Mezzanine Consent Letter prohibit any distribution prior to the interest payment date falling in December 2023 unless there is a prepayment of £15.0 million² before the December 2023 Interest Payment Date. Following the refinancing of the existing Facility Agreements upon maturity or otherwise, the Enlarged Group's future loan agreements may also include covenants which may limit when and how much dividends can be paid to the Company or when and how much dividends the Enlarged Group can declare and pay. The payment of dividends by subsidiaries may also be affected by the passage of new laws, adoption of new regulations and other events outside the Company's control. If the Company's subsidiaries stop paying dividends or reduce the amount of the dividends which they pay to the Company, or dividends become subject to increased tax because of changes in tax laws or treaties, it would have an adverse effect on the Company's ability to pay dividends on to Shareholders.

The Target Group is reliant on Valor for its operations

Each of the Hotels is currently managed and operated by Valor pursuant to the Valor Management Agreement and in accordance with the applicable Brand Standards. As all of the Hospitality Assets are managed by the same manager, Valor, the Target Group has an exposure to Valor's ability to manage the Hospitality Assets effectively. The effective management and operation of the Hotels will be a significant factor affecting the revenues, expenses and value of the Hotels. Valor will be responsible for responding to changes in demand for hotel rooms and other services provided by each Hotel in the relevant local market, establishing levels of room rates and ensuring that maintenance and capital improvements are carried out in a timely fashion in accordance with the terms of the Valor Management Agreement. Income realised from operations at the Hotels may be affected by management decisions relating to the Hotels, which in turn may be affected by events or circumstances impacting Valor, its continued existence, reputation, financial condition or their results of operation.

The performance of Valor depends, in large part, upon the continued service and performance of members of the senior management team and certain key senior personnel of Valor. These key personnel may leave Valor in the future and compete with Valor and/or the Target Group. The loss of any of these individuals and the inability to find suitable replacements on a timely basis may adversely affect Valor's ability to manage the Hospitality Assets effectively, which could in turn have a material adverse effect on the financial condition and results of operations of the Target Group.

² There was a partial principal repayment of approximately £9.7 million on the Mezzanine Loan on 14 April 2023. See Section 9.1 of the Target's Letter to Shareholders titled "Borrowings".

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In addition, it cannot be assured that Valor will at all times be in a financial condition to continue to fulfil its management responsibilities under the Valor Management Agreement throughout the term of the Valor Management Agreement. Valor may, for example, be subject to certain payment obligations in some circumstances which are outside of the Target Group's control. Further, Valor is only responsible and liable for the management and operation of the Hotels to the extent of and upon the terms and basis of the Valor Management Agreement and no guarantees of financial performance are provided therein.

If Valor is in default of its obligations under the Valor Management Agreement, the relevant Target Group Company may be entitled to terminate the Valor Management Agreement. However, insofar as the Valor Management Agreement is in force, the Target Group has no direct control over the operations, management, maintenance or marketing of the Hospitality Assets and has limited ability to affect how the Hotels are managed. There can be no assurance that the Valor Management Agreement will be renewed upon expiry on the same terms or terms comparable or as favourable as the existing Valor Management Agreement. Valor also has certain termination rights under the Valor Management Agreement, including in the event of default by DTP Regional Hospitality of certain of its obligations under the agreement, including failure to make payment to Valor in accordance with the Valor Management Agreement. Should Valor terminate the Valor Management Agreement, the Target Group may be required to engage an alternative hotel management company for the provision of asset management and strategic services, management operational services and project management services in respect of the portfolio of Hospitality Assets. While there are alternative hotel management companies in the market which the Target Group may engage as replacement for Valor, the Target Group may be unable to engage such alternative hotel management company on terms as favourable as the terms of the Valor Management Agreement, or with comparable reputation, service standards and experience as Valor. The Target Group may also be unable to engage the alternative hotel management company in a timely manner to minimise disruption to the management and operations of the Hospitality Assets. There is therefore no assurance that the Hospitality Assets will continue to be operated, managed, maintained or marketed well in the future and this may consequently affect the business, financial condition, results of operations and prospects of the Target Group. While there have been no breaches by the Target Group of the terms and conditions of the Valor Management Agreement during the Period Under Review and there have not been any past incidents of default and/or failure by Valor to fulfil its obligations under the Valor Management Agreement, there is no assurance that such incident would not occur in the future.

Termination of the Valor Management Agreement could also be an event of default under the terms of the Facility Agreements. Although Valor's termination rights under the Valor Management Agreement are subject to certain restrictions in the relevant Valor Duty of Care Agreement (please see Section 9.1 of the Target's Letter to Shareholders titled "Borrowing – The Valor Management Agreement Duty of Care Agreement"), in particular the right of CBRE (as common security agent) to step in and remedy or procure a remedy for the relevant breach, in the event that such breach is not successfully remedied and an event of default under the Facility Agreements occur, this may in turn adversely affect the Target Group's business, financial condition, results of operations and prospects. See also *"The Target Group is subject to financial and other restrictive covenants and failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Target Group to refinance its borrowings"*.

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The Target Group is dependent on, and affected by the performance of, reputation of and developments affecting, the Franchisors

As of the date of this Circular, pursuant to the terms of the Hotel Franchise Agreements, all of the Hotels are branded under brands associated with the Franchisors, being the “Crowne Plaza”, “Hotel Indigo” and “Holiday Inn” brands in respect of the IHG Franchisor, the “DoubleTree by Hilton” and “Hilton Garden Inn” brands in respect of the Hilton Franchisor and the “AC Hotel by Marriott” brand in relation to the Marriott Franchisor.

Brand awareness, image and loyalty are critical to the Target Group’s ability to achieve and maintain high average occupancy and room rates and also for its growth/expansion plans. The performance of a Hotel associated with any of those brands depends on a number of factors, including factors outside the Target Group’s control such as (a) the reputation and awareness of these brands, which may be affected by changes in customer preferences and the public perception of the brand or hotel chain service mark, and (b) the continued highly recognisable presence of the relevant brand on the internet and otherwise.

Such dependence on brand awareness and recognition makes the business of the Target Group susceptible to reputational damage and competition from other hotel franchise businesses. It cannot be assured that competition from other brands will not adversely impact the market position or the financial performance of a Franchisor, which could impact the Hotels. Because several of the Hotels are branded under brands owned by one Franchisor (with nine Hotels being branded by the IHG Franchisor under “Crowne Plaza”, “Hotel Indigo” or “Holiday Inn” brand, six Hotels being branded by the Hilton Franchisor under the “DoubleTree by Hilton” or “Hilton Garden Inn” brand, and two Hotels being branded by the Marriott Franchisor under the “AC Hotel by Marriott” brand), an event that negatively impacts the performance of one such brand or one such Franchisor could have a greater impact on the Target Group’s portfolio of Hospitality Assets than if each Hotel were branded under a separate brand by a separate Franchisor.

In addition, problems within the relevant Franchisor or its affiliates or at the Hotels (for example, crime, scandal, litigation, negative publicity, accidents or injuries to guests) can have a substantial impact on operations of otherwise successful individual hotel locations. For instance, a successful liability claim could injure the reputation or goodwill of the relevant Franchisor’s brands. Even if unsuccessful, a liability claim could cause unfavourable publicity. This, in turn, could have an adverse impact on the performance of the Hotels and could adversely impact the Target Group’s business, financial condition, results of operations and prospects. It also cannot be assured that the relevant Franchisor will at all times be in a financial condition to continue to fulfil its responsibilities under, and throughout the term of, the relevant Hotel Franchise Agreement.

It should also be noted that the Franchisors typically have certain termination rights under their Hotel Franchise Agreements. These may include a right to terminate in the event of a payment default, if there is a change of control of the relevant Target Group Company, if a breach is capable of remedy, such breach is not remedied within the specified period of time, or if the relevant Target Group Company fails to maintain specific operating standards set forth in the relevant Hotel Franchise Agreement. While there has not been any breach of the terms and conditions of the Hotel Franchise Agreements or any defaults thereunder during the Period Under Review, and if any such default were to occur, the Target Group would seek to take steps to remedy such default without delay (if the default is remediable) and/or to enter into discussions with the relevant Franchisor regarding a

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waiver of the default or an amendment to the terms of the relevant Hotel Franchise Agreement, there is no assurance that the relevant Franchisor will not exercise its termination rights.

If any of the Hotel Franchise Agreements is terminated or any of the Hospitality Assets were to lose a brand licence for any reason, the affected Hotel(s) may need to be re-branded. As a result, the underlying value of a particular Hospitality Asset could decline significantly from the loss of associated name recognition, marketing support, participation in guest loyalty programs and the centralised system provided by the Franchisor, which, among other things, could reduce income from the impacted Hospitality Asset. Furthermore, the loss of a franchise licence at a particular Hospitality Asset could harm the relationship of the Target Group with the applicable Franchisor, which could impede the ability to operate other hotels under the Franchisor's brands, limit the ability to obtain new franchise licences from the Franchisor in the future on favourable terms, or at all, and result in incurrance of significant costs to obtain a new franchise licence for the particular Hospitality Asset (including a likely requirement of a property improvement plan for the new brand, a portion of the costs of which would be related solely to the change in brand rather than substantively improving the Hospitality Asset).

Termination of a Hotel Franchise Agreement (including, amongst other things, due to the loss of a franchise licence) could also be an event of default under the terms of the Facility Agreements. Although each Franchisor's termination rights under the Hotel Franchise Agreements are subject to certain restrictions in the relevant Direct Agreement (please see Section 9.1 of the Target's Letter to Shareholders titled "*Borrowings – The Direct Agreements*"), in particular the right of CBRE (as common security agent) to step in and remedy or procure a remedy for the relevant breach, in the event that such breach is not successfully remedied and an event of default under the Facility Agreements occur, this may in turn adversely affect the Target Group's business, financial condition, results of operations and prospects. See also "*The Target Group is subject to financial and other restrictive covenants and failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Target Group to refinance its borrowings*".

The Target Group may face risks relating to Hotel Franchise Fees and Key Money

Under the Hotel Franchise Agreements, the relevant Franchisors are entitled to Hotel Franchise Fees, which include certain royalties, licence fees and commissions for the use of their names, branding, marketing, electronic reservation systems, loyalty programmes and other elements of their respective franchises. Although Hotel Franchise Fees do not form a substantial portion of the total operating costs, such Hotel Franchise Fees nevertheless make up a percentage of the relevant Target Group Company's operating costs, with the relevant percentage varying between the applicable Hotel Franchise Agreements, and therefore impact the profitability of the Hotels. See Section 4.2 of the Target's Letter to Shareholders, titled "*Business and Operations – Franchise Arrangements – Hotel Franchise Fees*". If the relevant Target Group Company becomes unable to pay the relevant Hotel Franchise Fees, this may result in termination of the relevant Hotel Franchise Agreement and consequently a loss of branding. See "*Risks Relating to the Target Group's Business – The Target Group is dependent on, and affected by the performance of, reputation of and developments affecting, the Franchisors*" above.

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The Hotel Franchise Fee structures differ between Hotel Franchise Agreements and may be subject to amendment and adjustment pursuant to the relevant Hotel Franchise Agreement. There is no assurance that the current Hotel Franchise Fee structure for a given Target Group Company will continue to apply in its current form, and any increase in Hotel Franchise Fees may negatively impact cash flows available to the relevant Target Group Company and, if such Target Group Company becomes unable to pay the relevant Hotel Franchise Fees, may result in the termination of the relevant Hotel Franchise Agreement. In particular, certain Hotel Franchise Agreements provide for Hotel Franchise Fee rates which automatically step-up over time, the majority of which have already taken effect. Increased Hotel Franchise Fees will increase operating expenses for the relevant Target Group Company, which may negatively impact cash flows available to the Target Group.

While royalty fee and programme fee components of Hotel Franchise Fees are generally calculated as a percentage of certain revenue streams of the relevant Target Group Company, certain Hotel Franchise Fees are also subject to a contractual minimum amount. Relevant Target Group Companies subject to such contractual minimum amounts will be required to continue to pay such amounts even in the absence of applicable revenue streams, which may result in a negative net operating income and in the termination of the relevant Hotel Franchise Agreement should there be non-payment of the contractual minimum amounts.

For the Period Under Review, the Target Group has not encountered any issue with the payment of the contractual minimum amount. However, the occurrence of any of the above risks relating to Hotel Franchise Fees, may have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

The Target Group has key money arrangements with the IHG Franchisor and the Marriott Franchisor (each a "**Key Money Provider**") in relation to certain Hotels, pursuant to which the relevant Key Money Provider provided a capital contribution for refurbishment purposes ("**Key Money**") subject to satisfaction of specified conditions by the Target Group. The Key Money is being amortised over the lifetime of the relevant Hotel Franchise Agreements. In certain circumstances including (but not limited to): (a) termination of the relevant Hotel Franchise Agreement during its term (such circumstances being, in certain cases, outside the control of the Target Group); (b) in certain circumstances, there is an unapproved change of control of DTP Finance; (c) there being subsisting material breaches under a certain number of the relevant Hotel Franchise Agreements or a certain number of Franchisees being in material breach of their obligations under the relevant Hotel Franchise Agreement that continue after the application of any applicable notice and/or cure periods; (d) DTP Finance and/or any Franchisee or group of Franchisees with respect to a certain number of Hotels undergoes an insolvency event, which includes being unable to pay its debts as they mature, making an assignment for the benefit of creditors or being the subject of any bankruptcy, insolvency, reorganisation or liquidation proceeding, or any other proceeding for relief under any bankruptcy law or any law for the relief of debtors or benefit of creditors; and (e) in certain circumstances, failure to provide the guarantee required by the Key Money Provider (as referred to below); (f) DTP Finance or any of its directors, officers or management personnel, or any person having control over DTP Finance being found guilty or having criminal judgment entered against him, her or it, the relevant Franchisee(s) may be required to repay the remaining unamortised portion of the Key Money to the IHG Franchisor or the Marriott Franchisor, as appropriate. The obligation to repay the Key Money is guaranteed by DTP Finance Number 1 Limited (being a member of the Target Group) in the case of the Key Money arrangement relating

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to the IHG Franchisor and by DTGO Corporation Limited in the case of the Key Money arrangement relating to the Marriott Franchisor. There is no assurance that the Target Group's cash flow will be sufficient to repay such unamortised portion in such circumstances, or that the relevant guarantor will fulfil its obligations to do so. The failure to repay the remaining unamortised portion of the Key Money may result in legal proceedings being brought by the Key Money Provider against the Target Group.

Replacement of the asset manager, hotel operator, services provider or hotel franchisor for any reason could adversely affect the business, financial condition, results of operations and prospects of the Target Group

As at the date of this Circular, the management, operation and branding of the Hotels is undertaken on behalf of the Target Group by Valor and the Franchisors, as applicable. However, in certain circumstances, such as when any of these parties defaults on its obligations under any of its contract with the relevant Target Group Company, the relevant Target Group Company may have the right to terminate the relevant contract and appoint a replacement asset manager, hotel operator, services provider or hotel franchisor (as applicable) (each a "**Replacement Party**"). While there have been no past incidents during the Relevant Period requiring the Target Group to appoint a Replacement Party, there is no assurance that such incident may not occur in the future.

It cannot be assured that such Replacement Party will carry out the relevant services or activities in accordance with the related new or replacement hotel operating document (a "**New Hotel Operating Agreement**") and it cannot be assured that the terms of the New Hotel Operating Agreement will be similar or comparable to the Valor Management Agreement or the Hotel Franchise Agreements. More generally, it cannot be assured that any Replacement Party will have sufficient skill or resources to carry out the relevant services or activities in respect of the applicable Hotels as required by the New Hotel Operating Agreement or that a Replacement Party will be of equal quality to the entity it is replacing. The net operating income in respect of the Hotels may be negatively affected by poor management decisions of any Replacement Party or if the financial terms of the New Hotel Operating Agreement are not as favourable to the Target Group as compared to the financial terms contained within the Valor Management Agreement or the Hotel Franchise Agreements. There can also be no assurance that a Replacement Party will be found in a timely fashion should the Valor Management Agreement or any of the Hotel Franchise Agreements terminate or be terminated, which may impede efficient management of the Hotels. A Replacement Party may also require significantly higher fees and/or investment of capital in order to bring the Hotel into compliance with the Replacement Party's requirements. No representation or warranty can be made as to the skills, experience or financial condition of any Replacement Party or its adviser.

The Target Group is subject to risks relating to renovation, repairs, improvements or redevelopment of the Hotels

All of the Hospitality Assets operate under licensed brands pursuant to Hotel Franchise Agreements, which may require the Target Group to make capital expenditures in respect of a property improvement plan to maintain the Hotels in accordance with the Franchisors' applicable brand standards. A property improvement plan is a schedule of specific improvements and renovations imposed by the Franchisor under the applicable Hotel Franchise Agreement to undertake (and fund) over a period of time, and is typically required every seven (7) years. Compliance and progress with the property improvement plan is monitored by the Franchisors and failure to perform a property improvement plan

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on the timetable agreed to with the Franchisor may constitute a breach by the franchisee under the applicable Hotel Franchise Agreement. Under all Hotel Franchise Agreements, the Target Group is obligated to perform the works required by the property improvement plan at its own costs. Accordingly, the Target Group has a direct and active obligation to fund and otherwise cause the completion of any work required to complete a property improvement plan.

If the Target Group defaults on a Hotel Franchise Agreement as a result of a failure to comply with the property improvement plan requirements, the Franchisor may have the right to terminate the applicable agreement and the Target Group may also be in default under the terms of any applicable indebtedness. See “*Risks Relating to the Target Group’s Business – The Target Group is dependent on, and affected by the performance of, reputation of and developments affecting, the Franchisors*” above.

More generally, regardless of specific obligations under the Hotel Franchise Agreement, it may be necessary for the Target Group to perform maintenance and/or repairs to maintain the Hospitality Assets, and also to avoid loss of value. From time to time, the Target Group may evaluate and implement expansion, development or redevelopment opportunities to its current portfolio of Hospitality Assets, with a view to remaining competitive, maintaining the value and brand standards of its properties, complying with applicable laws and regulations and/or generating future revenues.

During the period of the COVID-19 pandemic, the Target Group took the opportunity to commence the upgrading of its Hotels in line with Brand Standards, including to implement the Cladding Programme and the Property Improvement Plan. The last major renovation carried out by the Target Group was the Cladding Programme which was completed in July 2023 at a total cost of approximately £22.4 million. As of the date of this Circular, the Property Improvement Plan is still ongoing and is expected to be completed by end-August 2024 at an aggregate cost in excess of £16.0 million – see Section 5.2 of the Target’s Letter to Shareholders, titled “*Competitive Strengths – The Target Company is well-positioned for monetisation post transformational capital expenditure*”. In addition, the Target Group is currently working on asset enhancement initiatives relating to the Room Additions, the Spa Enhancement and the Bedroom Refurbishment (each expected to be completed by the end of 2026), with a view to remaining competitive and creating new profit-generating areas within the Hotels, as described in more detail in Section 5.2 of the Target’s Letter to Shareholders titled “*Competitive Strengths – Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment*”.

Such renovation, repairs, improvements or redevelopment works can be time consuming and expensive and may result in a decrease in available rooms during the period of maintenance and/or repairs. In connection with this, risks can arise in the form of higher costs than anticipated or unforeseen additional expenses for such works. In the ordinary course of events, the Target Group will fund such capital expenditure out of cash flows generated by the Hospitality Assets. To manage its cash flows during the period of any major renovation, repairs, improvements or redevelopment works, the Target Group has carried out and plans to carry out any such works (including the Cladding Programme, the Property Improvement Plan, the Room Additions, the Spa Enhancement and the Bedroom Refurbishment) in stages and staggered over a long period of time and across the portfolio of hotels, in order to minimise business disruption and impact on the future capital growth. However, if there is insufficient cash available from operations and the Target Group does not have enough reserves for or access to capital to supply needed funds for property improvements throughout the life of the investment in a property, the Target Group may be

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required to defer necessary improvements to a property even later, which may cause that property to suffer from a greater risk of obsolescence, a decline in value, or decreased cash flow, which may in turn adversely affect the Target Group's business, financial condition, results of operations and prospects.

Moreover, such renovation, repairs, improvements or redevelopment works can be delayed, for example, because of bad weather, poor performance or insolvency of contractors or the discovery of unforeseen structural defects. The existence of any such renovation, repairs, improvements or redevelopment works at a Hotel may also make that Hotel less attractive to guests and may make some rooms unavailable to rent to guests. There can also be no assurance that any such works will improve the operations at, or increase the value of, the relevant Hotel or that such works (including any remedial works) will be effective in bringing or maintaining such Hotel into compliance with all applicable building codes and regulations.

There can also be no assurance that the Target Group is able to realise the expected returns on its capital expenditures on such projects. The Target Group's ability to realise the expected returns on its capital expenditures is dependent on a number of factors, some of which may be beyond the Target Group's control, including general economic conditions, changes to construction plans and specifications, delays in obtaining or inability to obtain necessary permits, licenses and approvals, disputes with contractors, shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, weather interference, disruptions to business caused by construction and other unanticipated circumstances or cost increases.

In addition, the anticipated costs and construction periods for capital expenditures projects are based upon investment assumptions, conceptual design documents and construction schedule estimates prepared by the Target Group in consultation with its architects. While the Target Group believes that the investment assumptions for its planned capital expenditures are reasonable and routinely reviews its capital expenditures to ensure they generate the Target Group's expected returns, these costs are estimates and the actual costs may be higher than expected. In addition, it cannot be assured that these investments will be sufficient or that the Target Group will realise the expected returns on its capital expenditures, or any returns at all. Any of the foregoing could materially adversely affect the Target Group's business, financial condition, results of operations and prospects.

While the Target Group did not experience any of the abovementioned incidents, including a default of a Hotel Franchise Agreement as a result of a failure to comply with the property improvement plan requirements, during the Relevant Period which had a material adverse impact on the Target Group's business, financial condition and results of operations, there is no assurance that such incident would not occur in the future.

The Target Group is reliant upon the resilience of certain technology platforms and is exposed to risks that could cause the failure of these systems, including attempts by third-parties or malicious insiders to disrupt or improperly access the Target Group's IT systems through cyber-attacks

The Target Group is reliant on certain technologies and systems for the operation of its business. Bookings and reservations for hotel rooms may be done through the relevant Franchisor's central reservations systems, each Hotel's booking website as well as through OTAs. The Target Group's business and operations are also dependent on other

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technology platforms, systems and processes, including for revenue management, payroll and accounting. If any of these systems fail to operate as anticipated, are vulnerable to or subject to security breaches or these systems are not replaced with new systems comparable to those introduced by competitors, such circumstances could have a negative impact on the business of the Target Group.

The Target Group is exposed to the risk that individuals or groups may attempt to disrupt the availability, confidentiality, integrity and resilience of any of the IT systems which the Target Group or the Hotels use (including the IT systems of Valor and the Franchisors), which could disrupt key operations, make it difficult to recover critical services, and compromise the integrity and security of both corporate and customer data. This could result in loss of trust from the Target Group's customers, employees and other stakeholders, reputational damage, legal or regulatory proceedings and direct or indirect financial loss. Developments in data protection worldwide may also increase the financial and reputational implications for the Target Group following a significant breach of its IT systems or those of its third-party suppliers, with regulators imposing significant fines. See "*Risks Relating to the Hospitality Industry – The Target Group is subject to regulation regarding the use of personal data*" below.

These systems could also be exposed to damage or interruption from fire, natural disaster, loss of power or telecommunications failure. A lack of resilience and operational availability of these systems could lead to prolonged service disruption or outage. The Target Group may not have control over potential failures, outages or downtime over such information systems, which could result in significant business interruption, an impact on customer experience (both during the booking process and during a customer's visit to one of the Hotels), or operations to be delayed.

Although the Target Group is continuously investing in its own internal IT systems to protect itself from such disruption, and the IT systems of Valor and the Franchisors which the Hotels use (including the Franchisors' central reservation systems) have counter-cyber warfare systems in place to protect against cyber threats and are continually upgraded for better protection against cyber risks, it is important to note that no IT system can be completely secured from any cyber risks. The cyber-security threat continues to evolve globally in sophistication and potential significance, particularly in light of the Target Group's growing digital footprint. There is a risk that any new security measures will not deliver what is required either on time or on budget, or provide the performance levels required to support the current and future needs of the Target Group and its customers. Such new security measures may also expose the Target Group to additional risks, for example due to poor implementation or due to unexpected outcomes of new functionalities.

During the Relevant Period, the Target Group did not experience any failure in its IT systems that had a material adverse impact on its business, financial position and results of operations. Nonetheless, despite the Target Group's efforts to enhance its IT environment, protect its data and improve its cyber-security and operational resilience, there remains a risk that such events may take place which may have material adverse consequential effects on the Target Group's business, financial condition, results of operations and prospects.

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The Target Group may seek to expand through acquisitions of assets and businesses or through joint ventures with third-parties, any of which may be unsuccessful or divert management's attention

The Target Group was formed by way of an acquisition from Bryant Park Funding Designated Activity Company, a portfolio company of Marathon European Credit Opportunity Master Fund II Limited, of the entire issued share capital of DTP Hospitality, the holding company of the group of companies which owns the Hospitality Assets.

As part of its growth strategy, the Target Group may from time to time acquire hospitality or lodging-related assets which are operational and revenue-generating (and may be located anywhere in the world), from third parties as well as through leveraging its extensive network within the DTGO Group to source and acquire suitable assets. Please refer to Section 6.3 of the Target's Letter to Shareholders titled "*Future Plans*", for more information on the Target's future business plans.

Acquisitions of businesses or properties and joint ventures are subject to risks that could affect the Target Group's business, and the success of such transactions depends upon the Target Group's ability to identify suitable acquisition and joint venture opportunities, to assess the value, strengths, weaknesses, liabilities and potential profitability of such acquisition targets or joint ventures and to negotiate acceptable purchase or joint venture terms. Similarly, the Target Group may not be able to acquire other businesses and properties if it is unable to obtain financing for such acquisitions on attractive terms or at all, and the Target Group's ability to obtain financing may be restricted by the terms of other indebtedness that may be incurred.

If the Target Group makes acquisitions or enters into joint ventures, it may not be able to generate expected margins or cash flows, or to realise the anticipated benefits of such acquisitions or joint ventures, including growth or expected synergies. Additionally, the integration of any acquisitions (if required) may require more investment than anticipated, and the Target Group could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities (including in relation to issues such as bribery, corruption and data protection) or other parties, which may impact the Target Group's operating results. While the Target Group seeks to mitigate these risks through, among other things, due diligence processes and indemnification provisions, it cannot be certain that the due diligence process it conducts is adequate in every circumstance or that the indemnification provisions and other risk mitigation measures the Target Group puts in place will be sufficient. Any unknown or unanticipated liabilities or contingencies that the Target Group assumes, or any additional information about the acquired business that adversely affects it (such as issues relating to compliance with applicable laws), could substantially increase the Target Group's costs. Further, the pursuit of any acquisition or joint venture may demand significant attention from the Target Group's management that would otherwise be available for day-to-day business operations.

Any of the foregoing may have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

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The Target Group's growth strategy of expanding its geographical footprint could expose the business to new risks

The Group's growth strategy of expanding its geographical footprint globally, could expose the business to new risks that it may not have the expertise, capability or the systems to manage. These risks include cultural differences, difficulties in staffing and managing overseas operations as well as inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of foreign countries, or a failure of internal controls and risk management. They also include regulatory and legal requirements affecting the Target Group's ability to enter new markets, difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts, unforeseen legal, tax or labour issues, and difficulties in obtaining suitable locations for hotels.

Entry into new geographic markets can involve significant entry costs and requires local market experience and understanding, including the need to integrate with local third-party service providers and competing against competitors who have greater experience in the local market than the Target Group does. Additionally, the Target Group faces the risk of not expanding quickly enough in an international market and therefore not having a business of scale to compete successfully.

Even if these risks do not materialise, there can be no guarantee that the growth opportunities identified by the Target Group will deliver the anticipated levels of profitability and cash flows. Any of the foregoing may have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

Health and safety incidents, including those relating to fire safety and food safety, may have a material adverse effect on the Target Group's brands, business, financial condition, results of operations and prospects

The health and wellbeing of the Target Group's customers is fundamental to the Target Group's business. The Target Group is exposed to the risk that health and safety incidents of varying levels of severity may occur at the Hotels, which could result in death or personal injury to the Target Group's customers, employees and/or members of the public. In addition to fires, which have the potential to lead to serious injury or even loss of life, other notable health and safety incidents that could occur at the Target Group's premises include defective building work, utility leaks as well as slippery, uneven or rough surfaces resulting in slips, trips and falls. Furthermore, the Target Group is subject to food safety risks, in particular relating to food-borne illnesses, allergen reactions, contamination or spoilage of fresh produce as a result of inadequate storage or refrigeration, and the potential cost and disruption of a product recall or withdrawal. Should any such incident occur, the Target Group could face reputational damage, litigation and significant costs. In addition, while the Target Group maintains health and safety procedures and insurance coverage to prevent and protect against these events, depending on their nature and other relevant circumstances, not all losses suffered may be preventable or fully recoverable or recovered from the Target Group's insurance. See "*Risks Relating to the Target Group's Business – The Target Group's insurance policies cover all reasonable risks but may not be adequate or comprehensive*" and "*Risks Relating to the Hospitality Industry – The Target Group is exposed to the risk of claims and/or litigation or other proceedings from its guests, customers, Franchisors, actual and potential business partners, suppliers, employees and/or regulatory authorities*" below.

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Additionally, reliance on third-party food suppliers and distributors increases the risk that such incidents could be caused by factors outside the Target Group's control. Although there are contractual safeguards set out in the agreements with such third-party food suppliers and distributors, there can be no assurance that such contractual safeguards will be successful in ensuring such third-party food suppliers' and distributors' compliance with health and safety requirements.

Regardless of the source or cause, any report of food-borne illness or other food safety issues, such as food tampering or contamination at one of the Target Group's locations, could adversely impact the Target Group's business more generally, particularly in light of the considerable increase in the use of social media in recent years, which has compounded the potential scope for negative publicity to be generated by such incidents or allegations of them. Please also see "*Risks Relating to the Hospitality Industry – Increasing usage of online travel agencies and other third-party intermediaries by consumers could impact the Target Group's business*" below. The occurrence of food-borne illnesses or food safety issues, as well as potential food products recalls and other health concerns associated with food contamination, could also negatively impact the price and availability of affected ingredients, potentially resulting in disruptions in the supply chain, significantly increased costs and reduced margins.

During the Relevant Period, the Target Group did not experience any of the abovementioned incidents which had a material adverse impact on its business, financial position and results of operations. However, any of the foregoing incidents could, if it occurs, have a material adverse effect on the Target Group's brands, business, financial condition, results of operations and prospects.

The Target Group's insurance policies cover all reasonable risks but may not be adequate or comprehensive

The Target Group has taken out insurance coverage in respect of, amongst others, (i) property damage, money & assault, and business interruption; (ii) computers; (iii) casualty and excess casualty; (iv) terrorism; (v) engineering inspection; (vi) crime; and (vii) motor. There are, however, certain types of risks that are not covered by such insurance policies, including acts of war and outbreaks of contagious diseases. Please refer to Section 4.15 of the Target's Letter to Shareholders titled "*Insurance*" for more information about the Target Group's insurance coverage. Certain risks might become uninsurable (or not economically insurable) in the future. In addition, coverage which the Target Group can obtain may be limited by the Target Group's ability to obtain coverage at reasonable rates. If an uninsured or uninsurable loss were to occur, this could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

With respect to losses for which the Target Group is covered by its insurance policies, it may take time to recover such losses from insurers. In addition, the Target Group may not be able to recover the full amount from the insurer and there are caps on the insured amounts, and to the extent that losses are suffered, there could be a shortfall between the amount of loss and the insured amount. Although the Target Group is of the view that its insurance coverage is currently adequate for the existing business and operations of the Target Group, no assurance can be given that the Target Group's insurance coverage will continue to be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage will always be available at acceptable commercial rates.

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The value of the Target Group's intangible assets and costs of investment may become impaired in the future

As a result of the Target Group's purchase of the portfolio from the previous owner, goodwill represented a portion of its assets. On 31 December 2020, the Target Group had assessed the carrying amount of the cash-generating unit to be higher than its recoverable amount and the impairment loss was recognised for FY2020 reporting – see Section 8.3 of the Target's Letter to Shareholders titled "*Review of Past Performance*".

If the Target Group makes additional acquisitions, it is likely that it will record additional intangible assets such as goodwill on its consolidated statement of financial position. In accordance with applicable accounting standards, the Target Group evaluates its goodwill annually to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to the profit or loss statement may be necessary. Such impairment testing is complex and requires the Target Group to make assumptions and judgements regarding the estimated recoverable amount of its cash-generating units to which the goodwill is allocated. If estimated recoverable amounts of the cash-generating units are less than the carrying values in future annual goodwill impairment tests, the Target Group may be required to record impairment losses in future periods.

Any future evaluations requiring an impairment of the Target Group's goodwill can materially affect its results of operations and shareholders' equity in the period in which the impairment occurs. A material decrease in shareholders' equity can, in turn, potentially impact the Target Group's ability to pay dividends.

RISKS RELATING TO THE TARGET GROUP'S HOSPITALITY ASSETS

The value of the Target Group's freehold and long-term leasehold properties could decline

The Target Group owns the freehold or long-term leasehold of the properties. There is a risk that the value of the Target Group's freehold or long-term leasehold properties may decline materially over time. For example, a slowdown in the property market or in general economic conditions could require the Target Group to impair the value of its freehold or long-term leasehold properties or result in freehold or long-term leasehold properties being difficult to sell or only being sellable at a lower price than their book value or the price that was paid for them.

The Target Group is subject to risks relating to Hospitality Assets

The income from and market value of the Hotels are subject to a number of risks. It is important to note that hotel properties do not generate a minimum level of income as would be the case for an asset which is leased to one or more tenants for a certain annual rent. The income-producing capacity of the Hotels may be adversely affected by a number of factors, which may be general in nature or may relate to the specific Hotels in particular. Factors which relate specifically to a particular Hotel itself may include: (i) the age, design and construction quality of the Hotel; (ii) perceptions regarding the attractiveness of the Hotel; (iii) the proximity and attractiveness of competing hotels; (iv) an increase in or continuing requirement for the capital expenditure needed to maintain the Hotel or make improvements to maintain the competitiveness of the Hotels; (v) a decline in a Hotel's room rates and/or room utilisation rates; (vi) construction/development works near a hotel;

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(vii) a fluctuation, seasonal or otherwise, in demand for the facilities that the Hotel offers; (viii) the characteristics and desirability of the area where the Hotel is located; and (ix) inability to convert to alternative uses.

Income from the hotels is likely to be more sensitive than income from other commercial properties to economic downturns or increased competitive conditions, as such income is primarily generated by room occupancy and room occupancy is usually for a short period of time. Hotels have relatively high fixed operating costs, and as a result relatively small decreases in revenue can cause significant declines in net cash flow. Travel, especially leisure travel, is a discretionary consumer expense. During periods of economic slowdown, customers may reduce or stop their spending on travel, impacting occupancy levels and therefore the Target Group's income.

Changes in discretionary consumer spending or consumer preferences can also be driven by other factors such as periodic fluctuations due to seasonality, high energy, fuel and food costs, increased cost of travel, changes in travel patterns or reduction in ease of travel, strikes or safety concerns. The Hotels contain restaurants and bars, which are typically dependent on their popularity and perception which in turn are subject to rapid shifts in consumer taste and preference, and accordingly it cannot be assured that the restaurants or bars at the Hotels will maintain their current level of popularity or perception in the market. All of the Hotels are also dependent on their liquor licence staying in place and any revocation of that license or requirement to apply for a new one could have an adverse impact on the revenue generated by that Hotel. Further, certain Hotels provide venues for the conduct of marriage ceremonies, corporate functions and events, providing ancillary revenue, diversifying income sources and generating demand for hotel rooms. In this regard, any revocation of a Hotel's marriage licence or the requirement to apply for a new one could also have a material impact on the revenue generated by that Hotel. There can be no guarantee that these licences will be renewed in the future, nor that the Target Group will be able to obtain licences for any new properties. Failure to obtain, or the loss of, any licences or non-compliance with any licence could have a significant effect on the Target Group's business, financial condition or results of operations.

In addition, to remain competitive and maintain economic value, hotels generally require more frequent expenditure for improvements and renovation than other types of commercial property. If insufficient amounts are spent on capital expenditure on the Hospitality Assets, such Hospitality Assets may not remain competitive in their market. See "*Risks Relating to the Target Group's Business – The Target Group is subject to risks relating to renovation, repairs, improvements or redevelopment of the Hotels*" above.

Any one or more of the above-described factors or others not specifically mentioned above could operate to have an adverse effect on the income derived from, or able to be generated by, the Hotels or a particular Hotel, which could in turn adversely affect the Target Group's business, financial condition, results of operations and prospects.

Conversion of a hotel to alternative uses would generally require substantial capital expenditure. Therefore, the Hospitality Assets may not readily be converted to alternative uses if they become unprofitable due to competition, decreased demand or other factors. Thus, if the operation of any of the Hospitality Assets becomes unprofitable, the realisable value of such Hospitality Asset may be substantially less than would be the case if such Hospitality Asset were readily adaptable to other uses.

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The value of the Target Group's portfolio of Hospitality Assets may fluctuate as a result of factors outside the Target Group's control

Property investments are subject to varying degrees of risks. Values are affected (among other things) by changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the property may also fluctuate as a result of other factors outside the Target Group's control, such as changes in regulatory requirements and applicable laws (including in relation to planning (zoning) laws and environmental restrictions), political conditions, the condition of financial markets, potentially adverse tax consequences, interest rate and inflation rate fluctuations and higher accounting and control expenses. The Target Group's business, financial condition, results of operations and prospects could be adversely affected by a general downturn in the property market.

Due to these and other factors, the performance of property investments has historically been cyclical. The volatility of property values and net operating income depends upon a number of factors, including (i) property revenue and (ii) the relevant property's "operating leverage", which generally refers to: (a) the percentage of total property operating expenses in relation to property revenue; (b) the breakdown of property operating expenses between those that are fixed and those that vary with revenue; and (c) the level of capital expenditures required to maintain the Hospitality Assets and maintain the Brand Standards of the associated Hotel. Even if current net operating income is sufficient to cover debt service at any given time, there can be no assurance that such will continue to be the case in the future. A substantial decline in the value of the Target Group's portfolio of Hospitality Assets, or a substantial decrease in net operating income, could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects. Please also see "*Risks Relating to the Hospitality Industry – Inflation resulting in higher costs, such as increasing labour, energy and other operating costs, could adversely affect the Target Group's business, financial condition, results of operations and prospects*" below.

Real estate investments, and in particular investment in hospitality assets, are relatively illiquid

Hospitality assets such as those in which the Target Group invests are relatively illiquid and planning regulations may further reduce the numbers and types of potential purchasers should the Target Group decide to sell certain Hospitality Assets. Such illiquidity may affect the Target Group's ability to vary its portfolio or dispose of or liquidate part or all of its portfolio in a timely fashion and at satisfactory prices in accordance with its strategy or in response to changes in economic, market or other conditions. This could have an adverse effect on the Target Group's business, financial condition, results of operations and prospects.

Property valuations are uncertain

The Hospitality Assets will from time to time be the subject of property valuations conducted by independent valuers (the "**Independent Valuation**") for different purposes including financial reporting and collateral valuation.

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While the risk of fluctuation in property values tends to be lower in respect of high-quality assets, such as hotel assets³, there can be no assurance that the market value of the Hospitality Assets will continue to be equal to or exceed the valuation given to it in the Independent Valuation or that the value of the Hospitality Assets has not changed materially since the date of the Independent Valuation. Similarly, geographical fluctuations in the market value of the portfolio of Hospitality Assets may occur. Assumptions often differ from the current facts regarding such matters and are subject to various risks and contingencies, many of which are not within the control of the Target Group.

Some of the assumptions in the Independent Valuation might not materialise, and unanticipated events and circumstances may occur or have occurred subsequent to the date of the Independent Valuation. In general, valuations represent the analysis and opinion of qualified valuers and are not guarantees of present or future value. One valuer may reach a different conclusion than the conclusion that would be reached if a different valuer were appraising the same property, even if theoretically prepared on the same basis.

A sharp decline in valuation of the portfolio of Hospitality Assets may also cause a breach of loan covenants (see “*Risks Relating to the Target Group’s Business – The Target Group is subject to financial and other restrictive covenants and failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Target Group to refinance its borrowings*” above regarding past incidents of non-compliance with loan covenants), potentially affecting the Target Group’s business if the relevant waivers are not obtained.

RISKS RELATING TO THE HOSPITALITY INDUSTRY

The Target Group operates in a competitive industry and the success of the Target Group depends on its performance compared to its competitors

The Target Group operates in a competitive industry and must compete with a wide variety of other hotel chains, local hotel companies and independent hotels, some of which may be perceived to offer better value for money.

Each Hotel under the Target Group’s portfolio faces competition from other comparable establishments, predominantly within the upscale market segments, situated in close proximity to its location. These competitors may be branded hotels or independent hotels, and competition may be with respect to price, facilities, customer service, location, room size and quality. See Section 5.1 of the Target’s Letter to Shareholders, titled “*Competition*”, for details regarding the perceived direct competitors of each Hotel currently. In the event of a general downturn in the United Kingdom’s hotel occupancy, mid-market/upscale hotels might reduce their rates and thereby reduce the differential between the rates currently charged by mid-market/upscale hotels and budget/mid-market hotels.

³ High-quality assets tend to be more attractive to a wider pool of investors which provide greater investor demand for such properties. Generally, with greater demand, property values will be better supported. In addition, high-quality assets are usually located in prime areas and command attractive features (such as better facilities) which are not as common. Accordingly, the combination of higher demand and lower supply will usually make high-quality assets less susceptible to large fluctuations in property values.

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New hotel room supply or renovations of competing hotel properties can reduce the competitiveness of older or existing properties. In particular, the Hotels located in city centres, including Birmingham and Manchester, are in close proximity to hotels of competitive relevance and where there is a higher chance of new hotel developments or renovations of competing hotel properties, which could lead to a decrease in customers. In addition, it should be noted that the Hotel Franchise Agreements do not restrict the Franchisors from having another hotel in the vicinity of the Hospitality Assets.

New competitors frequently enter the accommodation market. Existing or new competitors may have, among other things, better locations, larger estates, lower operating costs, better facilities, larger and/or better-appointed accommodations, more effective branding or marketing, more attractive food and beverage propositions and more efficient operations. In addition, new market entrants may offer different business models and customer propositions, which may ultimately prove more successful. A decrease in demand for a given city or Hotel could have an adverse effect on the Group's business, financial condition or results of operations.

The rise of sharing economy platforms, such as Airbnb, has also introduced greater competition in the hospitality industry. Airbnb's listings/offers may not merely supplement the lodging market, but may show substitute characteristics, including offering more facilities at their premises at similar or more competitive prices. As a result, Airbnb offerings in the locality of the Hotels may also be considered as competitors. The success of the Target Group depends on its ability to compete effectively with its competitors, and failure to do so could adversely affect the Target Group's business, financial condition, results of operations and prospects.

While the Target Group continues to look for new ways to innovate its Hotel offerings, if the Target Group fails to maintain attractive hotel brands and consumer offerings to compete successfully against this wide range of competitors, the Target Group may fail to retain existing customers or attract new customers, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

Increasing usage of online travel agencies and other third-party intermediaries by consumers could impact the Target Group's business

Guests increasingly book rooms through OTAs such as Booking.com and Expedia, in addition to other third-party intermediaries, such as traditional travel agencies.

Although the use of such online travel agencies and third-party intermediaries helps drive up hotel reservations, an increase in the use of such intermediaries to make hotel reservations could result in an increase in the amount of commission the Target Group has to pay to such intermediaries, which in turn could increase the Target Group's costs. See Sections 4.3 and 4.5 of the Target's Letter to Shareholders titled "*Sources of Business*" and "*Sales and Marketing*" respectively for details on other means by which guests may make reservations, including through the central reservation systems of the Franchisors or directly with the relevant Hotel through the relevant Hotel's website or by contacting the Hotel directly.

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In addition, the rise of social media reviews, including, but not limited to, tripadvisor.com and Google, could impact hotel occupancy levels and results of operations as individuals might be more inclined to write about dissatisfaction than satisfaction with a hotel stay or experience. Negative publicity arising from unfavourable online reviews relating to the Hotels may have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

The Target Group is subject to certain risks common to the hotel industry, some of which are beyond its control

The Target Group's operations and the results of its operations are subject to a number of factors that could adversely affect the Target Group's business. The most significant for investors, and all material factors known at the present time are:

- general inflationary pressures;
- increases in interest rates, which could affect (amongst other things) the Target Group's borrowing costs;
- fluctuations in foreign exchange rates;
- increased competition and periodic local oversupply of guest accommodation in the cities in which the Target Group has hotels;
- changes in travel patterns or in the structure of the travel industry, including any increase in, or the imposition of new taxes on, air travel;
- increases in operating expenses as a result of inflation, increased personnel costs, higher utility costs (including energy) costs, increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be capable of being offset by increased room rates;
- changes in governmental laws and regulations; and;
- the adverse effects of the global economic downturn.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in the Hotels, or otherwise cause a reduction in the Target Group's revenues. Such factors (or a combination of them) may also adversely affect the value of the Hotels and in either such case would have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

Changes in domestic, regional and global economic conditions may have a material adverse effect on the Target Group's business, financial condition, and results of operations and prospects

Global headwinds such as trade tensions, geopolitical conflicts, economic sanctions, inflationary pressures, rising interest rates, supply chain disruptions and the COVID-19 pandemic have resulted in significant uncertainty in the macro-economic environment. The uncertainty regarding the economic outlook is heightening and may negatively impact customer and business confidence globally or regionally, which could have an adverse effect on the Target Group's business, financial condition, and results of operations and prospects. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. These and other related events have had a significant impact on the global credit and financial markets and economic growth as a whole, and consequently, on customer demand within the hospitality industry.

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Sales and profitability in the hospitality industry have a strong correlation with gross domestic product, business confidence and consumer discretionary spending. Business spending and consumer discretionary spending is impacted by general economic conditions and the political climate, including economic performance, interest rates, currency exchange rates, political uncertainty, inflation, unemployment levels, availability of customer credit, taxation rates, stock market performance and consumer confidence.

Additionally, the United Kingdom's withdrawal from membership of the European Union and the COVID-19 pandemic have had, and are likely to continue to have, a significant impact on consumer sentiment, general economic conditions and the political climate. Should economic conditions deteriorate or political uncertainty increase, customers may choose to reduce their discretionary spending on hotel accommodation and restaurant dining, which may have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

Inflation resulting in higher costs, such as increasing labour, energy and other operating costs, could adversely affect the Target Group's business, financial condition, results of operations and prospects

Labour costs form a significant part of the cost base of the Target Group and as such the Target Group is vulnerable to factors such as general wage inflation, increases in the National Living Wage and National Minimum Wage in the United Kingdom, increased employee benefit costs, the apprenticeship levy and shortages of skilled and dependable employees in the hospitality industry. Wage rates for a substantial number of the Group's staff are at or just above the National Minimum Wage. As National Minimum Wage rates increase, the Target Group may be required to increase not only the wage rates of its minimum wage employees but also the wages of higher-paid employees, including those in management positions. The complex nature of legislation and regulations governing the National Minimum Wage and the National Living Wage may lead to increased compliance costs and/or unintentional breaches of such legislation and/or regulations, and there is no guarantee that the Target Group would be able to rectify such non-compliance without incurring costs in the form of fines, or suffering from negative publicity. Furthermore, as a result of recent case law and government consultation surrounding whether certain types of overtime, tips, bonus, commission payments and other variable remuneration should be included in holiday pay, there may be potential future liabilities or increases in labour costs as the Target Group may have to make additional payments to its employees in the future, including potentially in respect of historic practices.

In addition, historically low United Kingdom unemployment rates increase the risk of staff shortages and increased labour costs. This risk is further exacerbated by the United Kingdom's withdrawal from membership of the European Union, given the high proportion of European Union workers in the United Kingdom hospitality industry, particularly in London and other metropolitan or urban areas, where the proportion of employees from the European Union is high.

Likewise, the business of the Target Group is vulnerable to increases in other operating costs. The Group's other material operating costs include rent and rates, fuel and energy and other utility costs, food and beverage, maintaining and developing technology (including cyber-security), construction and building refurbishment costs and logistics costs, most of which have increased due to global supply chain disruptions arising from the COVID-19 pandemic and the geopolitical environment. A material escalation in geopolitical risks such as global trade tensions between the U.S. and China, the

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Russia-Ukraine conflict and tensions in the Indo-Pacific region could aggravate ongoing global economic slowdown while increasing inflation. Suppliers and service providers may also seek to pass on to the Target Group increases in their own labour and other operating costs. Some of these operating costs, particularly the cost of food and beverages which the Target Group imports in large quantities from outside the United Kingdom, could also increase as a result of foreign exchange rate fluctuations and/or the United Kingdom's withdrawal from membership of the European Union.

The above factors could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

Increases in interest rates, and general uncertainty regarding interest rates, could adversely affect the Target Group's business, financial condition, results of operations and prospects

In recent months, the Bank of England, the US Federal Reserve and other major central banks have increased interest rates aggressively and signalled that interest rates could stay elevated for longer to tame the still-high rate of inflation. Higher nominal and real interest rates increase the borrowing costs of corporates including the Target Group. Continued increases in interest rates may impact debt servicing ability of highly leveraged corporates and lead to increased pace of defaults.

Increased risks of inflation and tighter monetary policy leave the global economy more vulnerable and raise the risk of a global recession.

These developments, or the perception that any of them could occur or be protracted, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict the Target Group's access to capital.

Uncertainties in global financial markets and global economic conditions, including concerns that the worldwide economy may enter into a prolonged recessionary period, may make it difficult for the Target Group to raise additional capital or obtain additional credit, when needed, on acceptable terms or at all.

Although the Target Group uses derivative financial instruments such as interest rate swaps to partially hedge its exposure to interest rate risks, there is no assurance that increases in interest rates will not affect the Target Group's ability to service the interest payments under its borrowings.

The COVID-19 pandemic had a disproportionate and material adverse effect on the Target Group, as would any future outbreak or pandemic

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China, and has since spread globally, including in the United Kingdom, where the Target Group's operations are concentrated. On 11 March 2020, the World Health Organisation confirmed that its spread and severity had escalated to the level of a pandemic.

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The COVID-19 pandemic resulted in the United Kingdom's Government implementing numerous measures in an attempt to contain the virus, such as travel bans and restrictions, curfews, quarantines, lock downs and the mandatory closure of certain businesses, including those operating in the hospitality industry. This led to a very significant decrease in the demand for travel, hotel stays and dining and also resulted in severe economic downturns in a number of countries. As an owner of hospitality assets in the United Kingdom, the Target Group is dependent upon its customers travelling for business and leisure and choosing to stay in its hotels and eat in its restaurants. The COVID-19 pandemic and associated government measures therefore had a very significant negative effect on the Target Group's business.

In line with the United Kingdom's Government's mandatory closure of all hotels and restaurants, other than those required to support essential workers and services combatting the pandemic, all the Hotels (and restaurants in such Hotels) in the United Kingdom were forced to shut from March 2020, with some Hotels gradually re-opening in phases towards the end of 2020 and early 2021. These conditions resulted in a very significant decline in the Target Group's revenues, profitability and cash flow during this period. The COVID-19 pandemic also resulted in the Target Group's service providers and other suppliers experiencing significant business interruption, delays or disruptions, such as a temporary suspension of operations, a lack of availability of labour to support their operations or longer-term problems in maintaining supply. This led to shortages of business-critical services, food, drinks or other supplies in some instances, or increased costs to secure such supplies, at the Hotels (including the restaurants in the Hotels).

As a result of the COVID-19 pandemic, the Target Group was also unable to comply with certain financial covenants under its financing arrangements and had to negotiate and seek consents from its lenders for waivers and amendments in respect of its financing arrangements. See "*Risks Relating to the Target Group's Business – The Target Group is subject to financial and other restrictive covenants and failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Target Group to refinance its borrowings*" above.

Any future outbreaks of infectious diseases or pandemics resulting in a prolonged period of travel, commercial or other similar restrictions, as well as any resulting deterioration in general economic conditions or change in consumer behaviour, could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

The profitability of the Target Group depends upon management's ability to respond to changes in consumer tastes and trends, and potentially different consumer behaviour following the COVID-19 pandemic

The Target Group's profitability and ability to achieve future growth plans depends in part on its ability to attract consumers and respond to changes in consumer preferences, tastes and purchasing habits and technological developments. The Target Group must continue to identify and respond to trends in customer purchasing decisions, needs and tastes in a timely manner (including by adapting its strategy and business plan as necessary) and to invest in its hotel propositions, infrastructure and customer offerings. A misjudgement or delayed recognition of trends and customer tastes could lead to a decline in demand for the Hotels and restaurants in the short term and, over the long term, damage its reputation.

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Additionally, patterns of consumer behaviour and their preferences have changed and may continue to change potentially in the longer-term, since the COVID-19 pandemic ended. Some observed patterns of consumer behaviour that could have an impact on the Target Group include changes to working patterns and reduced corporate travel. Such changes could also include a disinclination to travel or an increased preference for virtual meetings using conference or video calls. They could also include a heightened sensitivity to cleanliness and hygiene standards and the way in which food is prepared and served. Any changes in consumer preferences, tastes and purchasing habits could, including if the Target Group cannot adapt its business accordingly, result in diminished demand for the Hotels and/or restaurants, which could in turn have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

While the Target Group continues to identify and respond to trends in customer purchasing decisions, needs and tastes, if its competitors show greater innovation in these areas or if the Target Group fails to respond appropriately to changes in consumer tastes and trends, the Target Group may fail to retain or attract new customers which may have a material adverse effect on its business, financial condition, results of operations and prospects.

Acts of terrorism have adversely affected the hotel industry generally

Acts of terrorism in general, and the targeting of popular destinations and hotels for their concentration of foreigners in particular, have had an adverse impact on business and leisure travel, hotel occupancy rate and RevPAR. Although the Target Group is to a certain extent insured against loss caused by terrorist acts and the large majority of its hotel guests are residents within the United Kingdom, the Hotels may be affected from time to time by safety concerns and a significant overall decrease in the amount of air travel. The possibility or occurrence of future attacks, domestic and international terrorism alerts or outbreaks of hostilities may give rise to a negative effect on business and leisure travel patterns and, accordingly, the performance of the Target Group's business.

Terrorist incidents may affect domestic and international travel and consequently demand for hotel rooms. Further incidents or uncertainties of this type would be likely to have an adverse impact on the Target Group's operations and financial results. In addition, although the Target Group has made preparations, and conducted contingency planning, for such events there can be no guarantee that such preparations and planning will be adequate in all cases and a major incident or crisis may prevent operational continuity and consequently impact the value of the brands or the reputation of the Target Group.

The Target Group is exposed to the risk of claims and/or litigation or other proceedings from its guests, customers, Franchisors, actual and potential business partners, suppliers, employees and/or regulatory authorities

The Target Group is exposed to the risk of claims and/or litigation or other proceedings from its guests, customers, Franchisors, actual and potential business partners, suppliers, employees and/or regulatory authorities for breach of legal, contractual or other duties. Although the Target Group's experience of litigation or other proceedings from its guests, customers, Franchisors, actual and potential business partners, suppliers, employees and/or regulatory authorities has been limited and the Target Group has not experienced any past incidents of such claims and/or litigation or other proceedings which had a material adverse impact on the Target Group's business, financial condition and results of operations, no assurance can be given that disputes which could have such effect would

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not arise in the future. Exposure to claims, litigation or other proceedings or fines imposed by regulatory authorities may affect the Target Group's reputation even though the monetary consequences may not be significant.

The Target Group is subject to increasingly stringent health, safety and environmental regulations, which could result in increased costs and fines, as well as the potential for reputational damage

The Target Group is subject to an array of environmental, health and safety ("EHS") laws and regulations (including regulations promulgated and enforced by local, national and international authorities), EHS laws and regulations are subject to regular change, with a trend towards more stringent requirements. For example, following the Grenfell Tower tragedy on 14 June 2017 at a local authority residential tower, there has been a United Kingdom-wide review of cladding affixed to residential tower blocks and fire safety procedures in tall buildings. In order to bring the Hospitality Assets, which the Target Group had acquired in 2019 fully into compliance with prevailing fire safety regulations, the Target Group has had to implement the Cladding Programme, which was recently completed in July 2023 at a cost of approximately £22.4 million. Any failure to comply with such EHS laws and regulations may lead to payment of damages or fines, temporary or permanent hotel or restaurant closures, payment of remediation costs and reputational damage. In addition, if the costs of compliance with EHS laws and regulations continue to increase and it is not possible to integrate these additional costs into the price of Target Group's offerings, any such increases could impact the profitability of the Target Group.

In particular, the Hospitality Assets were constructed at various times, and it may be possible that the Hospitality Assets contain ground contamination, hazardous materials, other residual pollution and/or wartime relics (including potentially unexploded ordnance). Development or redevelopment of property of the Target Group could reveal the presence of hazardous substances. EHS laws and regulations could impose obligations on the Target Group to manage, investigate, remediate, or pay for the management, investigation, remediation of, hazardous substances, or pay compensation to third parties for related damages in relation to such hazardous substances. The remediation of any pollution and the related additional measures could involve considerable additional costs. It may not be possible to take recourse against the polluter or the previous owners of the relevant property. Moreover, the existence or even merely the suspicion of the existence of wartime ordnance, hazardous materials, residual pollution or ground contamination can negatively affect the value of a property and the ability to sell, lease or operate the property or to borrow using the property as collateral.

While the Target Group believes that it is in compliance in all material respects with EHS laws and regulations currently applicable to it (including any issues regarding hazardous substances at any of the Hospitality Assets that would be likely to result in material remediation costs, regulatory action or third party claims), there can be no assurance that the Target Group will not be found to be in breach of EHS laws and regulations. The failure to comply with present or future EHS laws and regulations could result in regulatory action, requiring the Target Group to rectify the non-compliance within a short period of time, the imposition of fines or third-party claims, which could in turn have a material adverse effect on the Target Group's results of operations, its financial condition and/or its reputation.

There can be no assurance that the Target Group has identified all sources of health, safety and environmental risks and the possibility of such incidents occurring cannot be totally eliminated by the Target Group's compliance processes and procedures.

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The Target Group may be subject to increasing scrutiny from investors and lenders with respect to the environmental, social and governance matters, which may adversely impact its ability to raise financing

Investors and lenders may place increasing importance on environmental, social and governance (“**ESG**”) matters. These include corporate governance and business ethics, human rights and modern slavery, as well as climate change and environmental management. Investors in particular may demonstrate increased activism, which may include urging the Target Group to take certain actions that could adversely impact the value of an asset or investment, or refrain from taking certain actions that could improve the value of an asset or investment. Investors may also condition future capital commitments on the taking or refraining from taking of such actions. Increased focus and activism related to ESG and similar matters may limit the types of business ventures that are available to the Target Group.

In addition, investors and lenders may decide to not commit any capital to future fund raising as a result of their assessment of the Target Group’s approach to and consideration of the social cost of its business activities. If the Target Group’s access to capital from investors and/or lenders is impaired, this could impact the Target Group’s ability to raise sufficient financing for its future growth. See “*Risks Relating to the Enlarged Group and the Ownership or Investment in the Shares following Closing – The Company may require additional funding in the form of equity or debt for the Enlarged Group’s future growth which may cause dilution in Shareholders’ equity interest and/or restrict its business operations*” below. If any of the foregoing were to occur, the Target Group’s ability to raise capital from its investors may be adversely affected in the medium or long term.

The Target Group is subject to regulation regarding the use of personal data

The Target Group is subject to regulations in the jurisdictions in which it operates regarding the use of personal data. The Target Group collects, stores and processes personal data from its customers, business contacts and employees as part of the operation of its business, including but not limited to leisure club membership information, employee records, as well as other personal information, and therefore it must comply with such data protection and privacy laws applicable where it is operating. Those laws generally impose certain requirements on the Target Group in respect of the collection, retention, use and processing of such personal data. Notwithstanding its efforts, the Target Group is exposed to the risk that this personal data could be wrongfully appropriated, lost, disclosed, retained, stolen or processed in breach of such data protection laws. Failure to operate effective data processing practices and controls could potentially lead to regulatory censure, fines, reputational and financial costs.

In the United Kingdom, the Data Protection Act 2018 (“**DPA 2018**”) and the UK General Data Protection Regulation (having the meaning given in the DPA 2018) (“**UK GDPR**”) are applicable to the processing of personal data. This legislation has introduced the potential for significant new levels of fines for non-compliance being up to either £17.5 million or 4% of the Target Group’s annual worldwide turnover in the preceding financial year, whichever is higher. In addition to monetary fines that could have a material adverse effect on the Target Group’s business and financial condition, non-compliance may also impact the Target Group’s operations and prospects, or otherwise harm its reputation.

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The Target Group will continue to review and develop its existing processes in place to ensure that the personal data that it processes of its customers, business contacts and its employees is processed in compliance with the UK GDPR's requirements, to the extent that they are applicable. The Target Group may be required to expend significant capital or other resources and/or modify its operations to meet such requirements. However, if an actual or perceived breach of the Target Group's network security occurs leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data, it may expose the Target Group to not only the loss of information, but also to litigation and to liability under data protection laws and, as mentioned, this could also result in the loss of the goodwill of the Target Group's customers and deter new customers.

While the Target Group has not encountered any past incidents in relation to the foregoing that have materially and adversely affected its business, results of operations, financial condition or prospects, there is no assurance that such incidents would not occur in the future.

Failure to comply with existing regulations, or the introduction of changes to existing laws and regulations, could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects

The Target Group is subject to significant government regulation at a national and local level, including various sanitation, planning permission, licensing, fire and safety standards, as well as laws on antitrust, bribery and corruption. A failure to comply with one or more regulations could result in the imposition of sanctions, including the closing of hotels or restaurants for an indeterminate period of time or third-party litigation, any of which could have a material adverse effect on the Target Group's business, financial condition, results of operations, prospects and reputation.

Changes to licensing and regulation, VAT or other tax regimes applicable to the business of the Target Group, and could cause the Target Group to incur additional costs which they may be unable to pass on to their customers, affecting profit margins, or which may lead to higher prices being charged to customers, making eating out less attractive and leading to a decline in sales. The failure to obtain or renew licences for the sale of alcoholic beverages could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

Failure to comply with employment laws and regulations, including those relating to immigration, may adversely affect the business

As at the date of this Circular, the Target Group has more than 1,100 permanent employees and regularly attracts and retains overseas employees who require visas and work permits. The Target Group is subject to various UK regulations governing its relationships with its employees, including such matters as minimum wage requirements, the treatment of part-time workers, employers' National Insurance contributions, overtime and other working conditions.

Additionally, immigration laws and regulations are subject to legislative and administrative changes as well as changes in their application standards and enforcement. The operations of the Target Group may be adversely affected if changes in immigration laws or regulations impair its ability to hire overseas personnel. The United Kingdom's withdrawal from membership of the European Union had implications on immigration laws

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with respect to employees with European Union, but not British, citizenship and these changes may have a material adverse impact on the operations of the Target Group if the ability to hire or retain such employees is restricted. See also “*Risks Relating to the Hospitality Industry – Inflation resulting in higher costs, such as increasing labour, energy and other operating costs, could adversely affect the Target Group’s business, financial condition, results of operations and prospects*” above.

Failure by the Target Group to comply with immigration and employment laws and regulations could result in financial or other sanctions, which could have a material adverse effect on the Target Group’s business, financial condition, results of operations and prospects.

The Target Group’s business is subject to seasonal variations and could be adversely affected by adverse weather conditions or unforeseen events

The Target Group’s results of operations typically vary throughout the year and management expects these variations to continue in the future. There are a number of factors that cause these variations, but the principal factor is that attendance for leisure purposes at the Hotels and restaurants is generally higher during holiday periods, including Christmas and bank holidays.

Attendance levels at the Hotels and restaurants may also be adversely affected by the weather and the timing of major sporting events. Persistent rain or other inclement weather, such as snow, could have a negative effect on turnover generated by the Hotels and restaurants and mean that the Target Group is unable to recover during the times of the year when attendance levels at the Hotels and restaurants are lower. The cancellation of major sporting events, concerts and the like could also have a material adverse effect on the Target Group’s business.

Any of the foregoing may have a material adverse effect on the Target Group’s business, financial condition, results of operations and prospects.

RISKS RELATING TO THE ENLARGED GROUP AND THE OWNERSHIP OR INVESTMENT IN THE SHARES FOLLOWING CLOSING

The Seller will have significant control over the Company, allowing it to influence the outcome of matters requiring the approval of Shareholders

Upon Closing, assuming the maximum number of 211,000,000 Company Placement Shares are issued and allotted pursuant to the Proposed Compliance Placement, the Seller is expected to hold approximately 84.82% of the Enlarged Share Capital. As a result, the Seller will be able to exercise significant influence over the outcome of matters submitted to Shareholders for approval, including, amongst others, election of the directors of the Company, the approval of significant corporate transactions and the affairs and policies of the Company unless they are required by the Catalist Rules to abstain from voting. Control of a majority and a significant portion of the Shares by the Seller can delay, defer or prevent future transactions including a takeover or a change in control of the Company, and can make some transactions more difficult or impossible to complete without the support of the Seller, even if it may benefit the Shareholders.

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The Share price may be volatile, which can result in substantial losses for investors in the Shares after Closing

The market price of the Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond the control of the Company and the Enlarged Group and may be unrelated and disproportionate to the operating results of the Enlarged Group:

- (i) variation in the results of operations of the Enlarged Group;
- (ii) changes in securities analysts' estimates of the results of operations and recommendations of the Enlarged Group;
- (iii) discrepancies between the Enlarged Group's actual operating results and those expected by investors and securities analysts;
- (iv) changes in market valuations and share prices of companies with businesses that are similar to those of the Enlarged Group that may be listed in Singapore or elsewhere;
- (v) announcements by the Enlarged Group of significant contracts, acquisitions, capital commitments, joint ventures or strategic alliances;
- (vi) any negative publicity on the Enlarged Group, its joint ventures, business partners or suppliers;
- (vii) unforeseen contingent liabilities of the Enlarged Group;
- (viii) additions or departures of key personnel;
- (ix) fluctuations in stock market prices and volume;
- (x) the Enlarged Group's involvement in material litigation, arbitration proceedings and/or investigations by government authorities;
- (xi) success or failure of the Enlarged Group's management in implementing business and growth strategies;
- (xii) changes or uncertainty in the political, economic and regulatory environment in the markets that the Enlarged Group operates;
- (xiii) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;
- (xiv) unforeseen contingent liabilities of the Enlarged Group;
- (xv) fluctuations in the share prices of companies in the same industry as the Enlarged Group that are also listed in Singapore; and
- (xvi) foreign exchange fluctuations and translations.

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The price of the Shares may, in some instances, fluctuate based on factors that are unrelated to the Enlarged Group or its financial performance.

Existing Shareholders will face immediate and substantial dilution following Closing and may experience future dilution to shareholdings

Immediately after the issue of the Consideration Shares, Conversion Shares, PCL Loan Conversion Shares, PPCF Shares and Company Placement Shares, the existing Shareholders are expected to hold, on a collective basis, approximately 2.40% of the Enlarged Share Capital. The Company may also issue new shares or convertible securities, share options or share awards under any employee share schemes that may be implemented after Closing. This may lead to further dilution to the shareholdings of the existing Shareholders.

Negative publicity may adversely affect the price of the Shares

Negative publicity or announcements including those relating to the Target Company, the Target Group or any of the Proposed New Board, Proposed New Executive Officers or controlling shareholders of the Enlarged Group may adversely affect the market perception of the Company or the price of the Shares, whether or not they are justified. For instance, such negative publicity may arise from unsuccessful attempts at acquisitions or takeovers, joint ventures or involvement in litigation or insolvency proceedings. Negative publicity may also arise from any negligence claims and disciplinary proceedings made against any of the Proposed New Board or Proposed New Executive Officers, regardless of whether such claims can be substantiated.

Future sale of securities may adversely affect the price of the Shares

Any future issue of Shares by the Company or sale of the Shares by the controlling shareholders of the Company may have a downward pressure on the Share price. The issue or sale of a significant number of Shares in the public market after Closing, or the perception that such issues or sales may occur, could adversely affect the market price of the Shares. These factors may also affect the Company's ability to attract subscriptions for additional equity securities in the future, at a time and price the Company deems appropriate.

Subject to applicable laws and regulations, there are no other restrictions imposed on the Seller to dispose of their shareholdings. The Share price may be under downward pressure if the Seller sells its Shares upon the expiry of the moratorium period.

Shareholders and prospective investors may not be able to participate in future issues of the Shares

In the event that the Company issues new Shares, the Company will be under no obligation to offer those Shares to the existing Shareholders at the time of issue, except where the Company elects to conduct a rights issue. However, in electing to conduct a rights issue or other equity issues, the Company will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights offering available to existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, the Company may not offer such rights to existing Shareholders having an address in jurisdictions outside of Singapore. Accordingly, certain Shareholders may be unable to participate in future equity offerings by the Company and may experience dilution in their shareholdings as a result.

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The Company may require additional funding in the form of equity or debt for the Enlarged Group's future growth which may cause dilution in Shareholders' equity interest and/or restrict its business operations

The Target Group has attempted to estimate its funding requirements for the implementation of its growth plans as set out in Section 6 of the Target's Letter to Shareholders titled "*Prospects, Strategies and Future Plans*". In the event that the costs of implementing such plans exceed these estimates significantly or if the Enlarged Group comes across opportunities to grow through acquisitions, joint ventures, strategic alliances or investment opportunities, which cannot be predicted at this juncture, and if funds generated from the Enlarged Group's operations prove insufficient for such purposes, the Enlarged Group may need to raise additional funds to meet these funding requirements. Under such circumstances, the Enlarged Group may require additional funding either by way of secondary issue of securities after Closing or by way of borrowings to raise the required capital to develop these growth opportunities.

The Company cannot ensure that it will be able to obtain any additional financing on terms that are acceptable to the Company, or at all. If the Company fails to obtain additional financing on terms that are acceptable to it, the Enlarged Group will not be able to implement such plans fully. If new Shares placed to new and/or existing Shareholders are issued after Closing, they may be priced at a discount to the then prevailing market price of the Shares trading on the Catalist and existing Shareholders' equity interest may also be diluted. Further, in the event that the Company raises additional funds to meet its financing needs and existing Shareholders do not participate in the *pro rata* fund raising activities such as rights issue, such Shareholders may experience a dilution in their shareholdings. If the Company fails to utilise the new equity to generate a commensurate increase in earnings, the Enlarged Group's earnings per share will be diluted, and this could lead to a decline in the trading price of the Shares. Any additional debt financing, apart from increasing interest expense and gearing, may be accompanied by conditions that limit the Enlarged Group's ability to pay dividends or require the Enlarged Group to seek lenders' consent for the payment of dividends, or restrict the Enlarged Group's freedom to operate its business by requiring lenders' consent for certain corporate actions. If the Enlarged Group is unable to procure the additional funding that may be required on acceptable terms or at all or if the Enlarged Group is unable to service its potential new debt financing, the Enlarged Group's financial position and results, business operations, future growth and prospects may be adversely affected.

The current disruptions, volatility or uncertainty of the credit markets could limit the Enlarged Group's ability to borrow funds or cause its borrowings to be more expensive. As such, the Enlarged Group may be forced to pay unattractive interest rates, thereby increasing its interest expense, impacting its profitability and reducing its financial flexibility if the Enlarged Group takes on additional debt financing.

Foreign exchange control policies may affect the ability of overseas entities to remit monies

Certain countries implement foreign exchange control policies to regulate the remittance of local currencies overseas. Although there are no foreign exchange control policies in Singapore and the United Kingdom that may restrict the payments of amounts to the Target Company (see Appendix G of this Circular, titled "*Exchange Controls and Taxation*"), any new legislation or amendments to existing legislation in the jurisdictions in which the Enlarged Group intends to operate will affect its ability to repatriate income

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generated from its overseas entities back to Singapore. If such an event occurs, the value of the Enlarged Group's investments overseas and the business, financial condition, results of operations and prospects of the Enlarged Group may be materially and adversely affected.

No prior market for the Shares of the Company on an Enlarged Group basis

The Shares have never been traded on an Enlarged Group basis. As such, there can be no assurance that an active trading market for the Shares will develop, or, if developed, will be sustainable.

18. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Company and the Group, have been entered into by the Company within two (2) years preceding the date of this Circular and are or may be material:

- (a) a share sale and purchase agreement dated 22 February 2022 between the Company and Puteri Harbour Pte. Ltd. for the Company's disposal of all issued ordinary shares of 3C Marina to Puteri Harbour Pte. Ltd.;
- (b) a shareholder loan agreement dated 3 April 2023 between the Company and Phileo Capital pursuant to which Phileo Capital has agreed to grant an interest free loan of S\$250,000 in aggregate principal amount to the Company;
- (c) a conditional share purchase agreement dated 12 June 2023, varied by a supplemental agreement dated 22 August 2023 and a further supplemental agreement dated 25 October 2023, between the Company and the Seller for the Proposed Acquisition (that is, the SPA);
- (d) a convertible loan agreement dated 12 June 2023, varied by a supplemental agreement dated 22 August 2023 and a further supplemental agreement dated 25 October 2023, between the Company and the Seller pursuant to which the Seller has agreed to grant an interest free loan facility of an aggregate principal amount of up to S\$7,000,000 for the purpose solely of payment of such portions of the professional advisers' costs to be borne by the Seller as set out in the SPA (that is, the Seller's Loan Agreement);
- (e) a convertible loan agreement dated 12 June 2023 between the Company and Phileo Capital pursuant to which Phileo Capital has agreed to grant an interest free loan of S\$250,000 in aggregate principal amount for the purpose solely of payment of professionals' costs to be borne by the Company pursuant to the terms of the SPA (that is, the PCL Loan Agreement);
- (f) a sale and purchase agreement dated 6 July 2023 between the Company and Ms. Low for the Company's disposal of all issued ordinary shares of 3CPC to Ms. Low; and
- (g) a sale and purchase agreement dated 6 July 2023 between the Company and Ms. Chai for the Company's disposal of all issued ordinary shares of OSSB.

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19. INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

Please refer to Sections 13 and 14 of the Target's Letter to Shareholders titled "*Interested Person Transactions*" and "*Potential Conflicts of Interest*" respectively, for the material transactions entered into between the Enlarged Group and any interested persons for the Relevant Period. For information on other interested person transactions involving the Company, please see the past announcements and annual reports of the Company.

20. MATERIAL LITIGATION RELATING TO THE GROUP

As at the Latest Practicable Date, to the best of the knowledge and belief of the Existing Directors, neither the Company nor any Group Company is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Circular, a material effect on the financial position or profitability of the Group.

Please refer to Section 15.2 of the Target's Letter to Shareholders titled "*Material Litigation*", for the material litigation relating to the Target Group.

21. VOTING UNDERTAKINGS

The Company's controlling shareholders and Substantial Shareholders, being Phileo Capital, Champion Brave Sdn Bhd, Casi Management Sdn Bhd, Halfmoon Bay Capital Limited and Golden Ring Worldwide Ltd who collectively have a direct or deemed interest in Shares representing approximately 80.2 per cent. of the outstanding issued and paid-up share capital of the Company have, as at the date of the SPA, granted irrevocable and unconditional undertakings in favour of the Seller to, *inter alia*, vote in favour of the Proposed Transactions (other than, in respect of Phileo Capital, the Proposed Allotment and Issuance of PCL Loan Conversion Shares).

22. ADVICE OF INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

Pursuant to the condition imposed by SIC in granting the Whitewash Waiver set out in Section 9.2 of this Circular titled "*Waiver by the SIC*", Xandar Capital Pte. Ltd. has been appointed as IFA to the Recommending Directors in respect of the Proposed Whitewash Resolution. A copy of the IFA Letter in relation to the above is reproduced in Appendix F of this Circular. Shareholders are advised to read the IFA Letter in its entirety.

"8. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition as well as the Seller's Loan Agreement. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

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We set out below a summary of the key factors we have taken into our consideration of the Proposed Acquisition and the Seller's Loan Agreement:

On the "fairness" of the Proposed Acquisition

- (a) the Company is acquiring the Target Group at a price to valuation ratio of 0.95 times (based on full capital expenditure of £57,222,000) or 1.04 times (without discretionary capital expenditure of £18,316,000) as set out in paragraph 6.1.1 of this IFA Letter;*
- (b) the P/E ratio of the Target Group is within the range, higher than the mean but below median P/E ratios of the Selected Comparable Companies;*
- (c) the EV/EBITDA ratio and EV/EBITDAE ratio of the Target Group are within the range of the corresponding ratios of the Selected Comparable Companies;*
- (d) while the P/NAV ratio of the Target Group is higher than the range of the P/NAV ratios of the Selected Comparable Companies, the Company is acquiring the Target Group based on a price to valuation of between 0.95 times and 1.04 times which are within the range but higher than the mean and median P/NAV ratios of the Selected Comparable Companies. Further, as set out in paragraph 6.3.3 of this IFA Letter, after taking into account the loss on disposal of the Existing Business, the Company will have a negative NAV upon disposal of the Existing Business;*
- (e) the Pre-Conso Issue Price is higher than the closing prices of the Shares for the period between 26 August 2022 and 22 November 2023, being the last market day where the Shares traded prior to the Latest Practicable Date;*
- (f) the Pre-Conso Issue Price represents significant premia to the VWAPs of the Shares for the 6 months, 3 months and 1 month periods prior to Announcement Date set out in the table in paragraph 6.3.2 of this IFA Letter;*
- (g) the Pre-Conso Issue Price represents a significant premium of S\$0.003269 to the NAV per Share as at 30 June 2023 or a P/NAV ratio of 106.45 times. Further, based on the latest unaudited NAV of the Group of S\$95,000 as at 30 June 2023, after taking into account the loss on disposal of the Existing Business, the Company will have a negative NAV upon disposal of the Existing Business; and*
- (h) the shell premium attributed to the Company of approximately S\$10.12 million is within the range of the shell premium of the Precedent RTOs of between approximately S\$4.98 million and approximately S\$18.38 million.*

On the "reasonableness" of the Proposed Acquisition

- (i) the Target Group reported improved revenue over the Track Record Period which could be attributed to the improvement in the occupancy rates of its hotels as the hotel industry gradually recovers from COVID-19 pandemic;*
- (ii) the P/NAV ratio of the Company as implied by the Pre-Conso Issue Price is higher than the P/NAV ratio of the Target Group; and*

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- (iii) *other considerations set out in paragraph 6.5 of this IFA Letter, in particular, the Proposed Acquisition is in line with the Group's plans to expand and rejuvenate its business through mergers and acquisitions.*

On the "fairness" of the Seller's Loan Agreement

- (A) *only the amount utilised by the Company in accordance with the terms of the SPA will be settled with the allotment and issuance of the Conversion Shares;*
- (B) *the issue price of the Conversion Shares is the same as the Issue Price of the Consideration Shares. Accordingly, all factors relating to the fairness of Issue Price as set out in paragraphs 8(e), (f) and (g) of this IFA Letter apply; and*
- (C) *the issue price of the Conversion Shares is also the same as the issue price of the PCL Loan Consideration Shares and the PPCF Shares.*

On the "reasonableness" of the Seller's Loan Agreement

- (I) *the NAV and cash and cash equivalents of the Group as at 30 June 2023 were not sufficient to fund the total expenses of the Proposed Transactions which is estimated to be approximately S\$7.0 million; and*
- (II) *Seller's Loan is an interest free loan facility granted by the Seller to the Company.*

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the terms of the Proposed Acquisition and Seller's Loan Agreement are, on balance, fair and reasonable. We therefore advise the Existing Directors to recommend that Shareholders should vote in favour of the Proposed Whitewash Resolution."

23. INTERESTS OF THE SPONSOR AND FINANCIAL ADVISER

In the reasonable opinion of the Existing Directors, the Sponsor and Financial Adviser does not have a material relationship with the Company or the Group save for the Proposed Allotment and Issuance of PPCF Shares, and that it is currently the Sponsor and Financial Adviser for the Proposed Acquisition and the continuing Sponsor of the Company for which it has received and/or may receive customary fees. The Sponsor will remain as the continuing Sponsor to the Company following Closing.

24. INTERESTS OF EXPERTS

None of the experts named in this Circular (i) is employed on a contingent basis by the Company or its subsidiaries, the Target Company or the Target Group, (ii) has a material interest, whether direct or indirect, in the shares of the Company or any of its subsidiaries, the Target Company or any of the Target Group, or (iii) has a material economic interest, whether direct or indirect, in the Company, including an interest in the Proposed Transactions.

25. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in the Section 3 of this Circular titled "*The Proposed Acquisition*" and save for their respective shareholdings in the Company, none of the Existing Directors or Substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Transactions.

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26. DIRECTORS' RECOMMENDATION

26.1 Having considered and reviewed, amongst others, the terms of the SPA, the rationale for and the financial effects of the Proposed Transactions, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, the Existing Directors are of the unanimous opinion that:

- (a) the Proposed Acquisition;
- (b) the Proposed Share Consolidation;
- (c) the Proposed Allotment and Issuance of Consideration Shares;
- (d) the Proposed Allotment and Issuance of Conversion Shares;
- (e) the Proposed Allotment and Issuance of PCL Loan Conversion Shares;
- (f) the Proposed Allotment and Issuance of PPCF Shares;
- (g) the Proposed Disposal;
- (h) the Proposed Compliance Placement;
- (i) the Proposed Whitewash Resolution;
- (j) the Proposed Change of Core Business;
- (k) the Proposed Change of Auditors; and
- (l) the Proposed New Share Issue Mandate,

are not prejudicial to the Shareholders and are in the interests of the Company.

26.2 As set out in Section 3.5.5(a)(ii) of this Circular, pursuant to the terms of the SPA, the Company undertakes to appoint persons nominated by the Seller as directors of the Company with effect from Closing. The details of the persons proposed by the Seller to be appointed to the Proposed New Board are set out in Section 11.2 of the Target's Letter to Shareholders titled "*Proposed New Board*". To the best of their knowledge, having considered the qualifications and experience of the Proposed New Board as set out in Section 11.2 of the Target's Letter to Shareholders titled "*Proposed New Board*", the Existing Directors are of the unanimous opinion that:

- (a) the appointment of Mr. Bunyong Visatemongkolchai as a director to the Proposed New Board;
- (b) the appointment of Mr. Hansa Susayan as a director to the Proposed New Board;
- (c) the appointment of Mr. Iqbal Jumabhoy as a director to the Proposed New Board;
- (d) the appointment of Mrs. Sasinan Allmand as a director to the Proposed New Board;

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- (e) the appointment of Mr. Lee Kwai Seng as a director to the Proposed New Board;
- (f) the appointment of Mr. Christopher Tang Kok Kai as a director to the Proposed New Board; and
- (g) the appointment of Mr. Chiew Chun Wee as a director to the Proposed New Board;

are not prejudicial to the Shareholders and are in the interests of the Company.

- 26.3 Accordingly, the Existing Directors recommend that Shareholders vote in favour of all of the resolutions in relation to the above as set out in the Notice of EGM contained in this Circular.

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale for, and financial effects of, the Proposed Transactions. In giving the above recommendations, the Existing Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Existing Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

27. ABSTENTION FROM VOTING

Pursuant to Rule 812(1) of the Catalist Rules, no shares should be placed to, inter alia, the substantial shareholders of an issuer. Rule 812(2) further provides that Rule 812(1) shall not apply if specific shareholders approval have been obtained for the placement, and that the person, and its associates, must abstain from voting on the resolution approving the placement.

As Phileo Capital is a Substantial Shareholder of the Company, the Proposed Allotment and Issuance of PCL Loan Conversion Shares will be subject to the approval of the Shareholders at the EGM.

Further, as Phileo Capital is interested in Ordinary Resolution 5 on the Proposed Allotment and Issuance of PCL Loan Conversion Shares, pursuant to Rule 812(2), it will abstain, and will procure that its associates (if any) abstain from voting on Ordinary Resolution 5 to be tabled at the EGM. Phileo Capital and its associates will also not act as proxies in relation to Ordinary Resolution 5 relating to the Proposed Allotment and Issuance of PCL Loan Conversion Shares unless specific voting instructions have been given by the Shareholder(s). The Company will disregard any votes cast by Phileo Capital and its associates on Ordinary Resolution 5.

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28. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N1-N9 of this Circular, will be held at Training Room 801, Level 8, NTUC Business Centre, One Marina Boulevard, Singapore 018989 on 26 December 2023 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of EGM.

Copies of this Circular, the Notice of EGM and the Proxy Form have been uploaded on SGXNet. A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNet.

Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against or abstain from voting in respect of the Ordinary Resolutions set out in the Notice of EGM.

29. RESPONSIBILITY STATEMENTS

29.1 Existing Directors

The Existing Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save in respect of information relating to the Target Group and the Seller's Group) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, (save in respect of information relating to the Target Group and the Seller's Group) this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Existing Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular relating to the Group and the Enlarged Group (insofar as it relates to the Company) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Existing Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

29.2 Proposed New Board

The Proposed New Board collectively and individually accepts full responsibility for the accuracy of any information given in this Circular relating to the Seller's Group, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) and in connection with the Proposed Transactions (insofar as they relate to the Seller's Group and the Target Group), and confirms after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions (insofar as they relate to the Seller's Group and the Target Group), the Seller's Group, the Target Group and the Enlarged Group (insofar as they relate to the Target Group), and the Proposed New Board is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular relating to the Seller's Group, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed New Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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29.3 Sponsor and Financial Adviser

PPCF, being the Sponsor and Financial Adviser to the Company in relation to the Proposed Acquisition, confirms that to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Target Group and the Enlarged Group, and PPCF is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of PPCF has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

30. CONSENTS

30.1 Sponsor and Financial Adviser

PPCF, being the Sponsor and Financial Adviser to the Company and the Placement Agent, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the statements attributed to it in Section 3.6 of this Circular titled “*Independent Valuation*”, Section 29.3 of this Circular titled “*Sponsor and Financial Adviser*”, Section 4.12 of the Target’s Letter to Shareholders titled “*Employees*”, Section 8.5 of the Target’s Letter to Shareholders titled “*Management’s Discussion and Analysis of Financial Position and Results of Operations – Liquidity and Capital Resources*”, Section 11.2 of the Target’s Letter to Shareholders titled “*Proposed New Board*” and Section 14.2 of the Target’s Letter to Shareholders titled “*Potential Conflicts of Interest of Directors and Executive Officers*”, which were prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

30.2 Auditors to the Target Group and Reporting Accountants to the Enlarged Group

KPMG LLP, the independent auditors to the Target Group and the reporting accountants to the Enlarged Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Independent Auditors’ Report and the Audited Combined Financial Statements of the Target Group for the years ended 31 December 2020, 2021 and 2022 as set out in Appendix B to this Circular, the Independent Auditors’ Review Report and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023 as set out in Appendix C to this Circular, the Independent Auditors’ Report and the Pro Forma Financial Information of the Target Group for the year ended 31 December 2022 and the six months ended 30 June 2023 as set out in Appendix D to this Circular, which were prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

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30.3 Independent Business Valuer

HVS, being the Independent Business Valuer in relation to the Proposed Acquisition, has given and has not withdrawn its written consent (i) to the issue of this Circular with the inclusion of its name, the Summary Valuation Letter set out in Appendix E to this Circular which was prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular, (ii) to make the Summary Valuation Letter and the Updated Valuation Report available for inspection at the registered office of the Company and (iii) to act in such capacity in relation to this Circular.

30.4 IFA

Xandar Capital Pte. Ltd., being the IFA in respect of the Proposed Whitewash Resolution, has given and has not withdrawn its written consent (i) to the issue of this Circular with the inclusion of its name, the IFA Letter set out in Appendix F to this Circular which was prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular, (ii) to make the IFA Letter available for inspection at the registered office of the Company and (iii) to act in such capacity in relation to this Circular.

30.5 Internal Controls Reviewer to the Target Group

BDO Advisory Pte. Ltd., the internal controls reviewer to the Target Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the statements attributed to it in Section 4.2 of the Target's Letter to Shareholders titled "*Business and Operations – Operating contract with Valor*" and Section 9.1 of the Target's Letter to Shareholders titled "*Borrowings – Senior Facility Agreement and Mezzanine Facility Agreement*", which were prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

30.6 For the avoidance of doubt, each of Donaldson & Burkinshaw LLP, Allen & Gledhill LLP, Shook Lin & Bok LLP, CMS Cameron McKenna Nabarro Olswang LLP, Herbert Smith Freehills LLP, Maples and Calder and Mourant Ozannes (Jersey) LLP does not make, or purport to make, any statement in this Circular and is not aware of any statement in this Circular which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in this Circular.

31. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 82 Ubi Avenue 4, #05-04 Edward Boustead Centre Singapore 408832 during normal business hours for a period of six months from the date of this Circular:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2020, FY2021 and FY2022;
- (c) the SPA;
- (d) the Disposal SPAs;

LETTER TO SHAREHOLDERS

- (e) the Seller's Loan Agreement;
- (f) the PCL Loan Agreement;
- (g) the Summary Valuation Letter as set out in Appendix E to this Circular;
- (h) the Updated Valuation Report;
- (i) the Independent Auditors' Report and the Audited Combined Financial Statements of the Target Group for the years ended 31 December 2020, 2021 and 2022 as set out in Appendix B to this Circular;
- (j) the Independent Auditors' Review Report and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023 as set out in Appendix C to this Circular;
- (k) the Independent Auditors' Report and the Pro Forma Financial Information of the Target Group for the year ended 31 December 2022 and the six months ended 30 June 2023 as set out in Appendix D to this Circular;
- (l) the material contracts set out in Section 18 of this Circular titled "*Material Contracts*" and Section 15.1 of the Target's Letter to Shareholders titled "*Material Contracts*";
- (m) the Service Agreements;
- (n) the IFA Letter as set out in Appendix F to this Circular; and
- (o) the letters of consent referred to in Section 30 of this Circular titled "*Consents*".

32. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's polling agent, **Complete Corporate Services Pte Ltd at 10 Anson Road #29-07 International Plaza, Singapore 079903**, or emailed to: 3cenergyegm@complete-corp.com, no later than 11.00 a.m. on 23 December 2023. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person in place of their proxy if he so wishes. A proxy need not be a Shareholder.

A Depositor shall not be regarded as a Shareholder and his/her/its Proxy Form may be rejected by the Company unless he/she/it is shown to have Shares entered against his/her/its name in the Depository Register, as certified by the CDP to the Company as at seventy-two (72) hours before the EGM.

LETTER TO SHAREHOLDERS

33. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Target's Letter to Shareholders and other appendices to this Circular.

Yours faithfully,

For and on behalf of the Board of Directors of
3CENERGY LIMITED

Ong Pai Koo@Sylvester
Independent Non-Executive Chairman

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APPENDIX A – TARGET’S LETTER TO SHAREHOLDERS

Proposed New Board:

Mr. Bunyong Visatemongkolchai (*Independent Director and Chairman of the Board*)
Mr. Hansa Susayan (*Vice Chairman and Non-Executive Director*)
Mr. Iqbal Jumabhoy (*Chief Executive Officer and Executive Director*)
Mrs. Sasinan Allmand (*Non-Executive Director*)
Mr. Lee Kwai Seng (*Non-Executive Director*)
Mr. Christopher Tang Kok Kai (*Independent Director*)
Mr. Chiew Chun Wee (*Independent Director*)

Registered Office:

DTP Infinities Limited
PO Box 31493
5th Floor, Zephyr House, 122 Mary Street
Grand Cayman, KY1-1206
Cayman Islands

7 December 2023

To: The Shareholders

Dear Sir/Madam

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF DTP INFINITIES LIMITED

1. INTRODUCTION

This letter (“**Target’s Letter to Shareholders**”) has been prepared by the Proposed New Board for inclusion in this Circular.

Unless otherwise stated herein, all capitalised terms in this Target’s Letter to Shareholders shall bear the same meaning ascribed to them in this Circular.

2. OVERVIEW OF THE TARGET GROUP

The Target Company is a private company limited by shares incorporated in the Cayman Islands under the Cayman Companies Act (As Revised) on 25 July 2019. As at the Latest Practicable Date, DTP Inter Holdings is the sole shareholder of the Target Company.

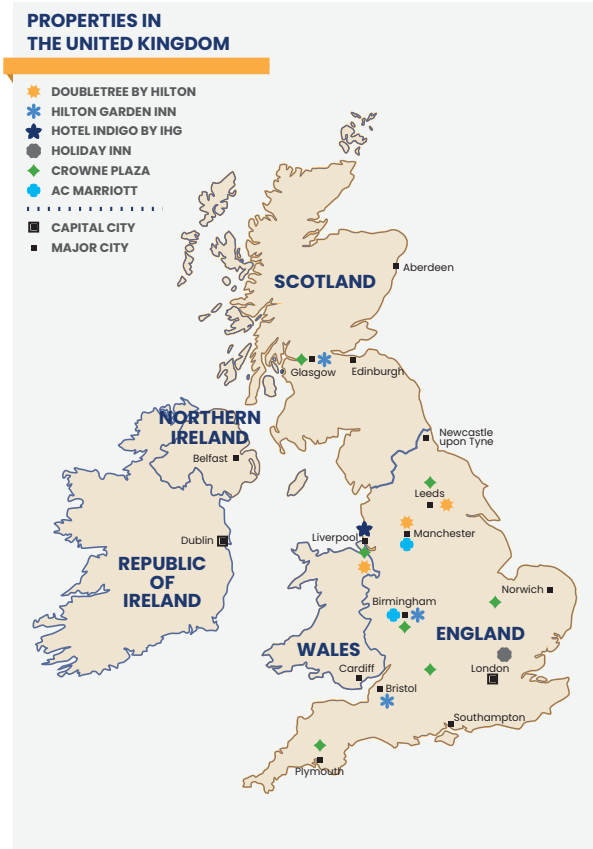
The core business focus of the Target Group comprises investing in and managing the operations of hospitality and lodging-related business. As at the Latest Practicable Date, the Target Group owns a portfolio of hospitality assets in the United Kingdom, comprising 17 predominantly upscale hotels located in key regional cities in the United Kingdom (the “**Hospitality Assets**”), and plans to expand its portfolio following Closing by investing in operational and revenue-generating properties for hospitality or lodging-related uses (such as hotels, serviced apartments, purpose-built student accommodation and workers’ dormitories) which may be located anywhere in the world.

The Hospitality Assets were acquired by DTP Infinities Corporation Limited, a wholly-owned subsidiary of the Target Company incorporated in the United Kingdom, in December 2019. The Target Group has a strong presence and widespread coverage throughout the United Kingdom, showcasing a comprehensive network of properties across the country, including in major cities such as Manchester, Leeds, Birmingham, Liverpool and Glasgow, offering a total of 3,383 keys.

APPENDIX A – TARGET’S LETTER TO SHAREHOLDERS

The Hospitality Assets are managed by Valor Hospitality Europe Limited (“**Valor**”), and operated under franchise agreements with selected well-known international hotel brands. They consist of:

- (a) seven (7) “Crowne Plaza” branded hotels, located in Chester, Glasgow, Harrogate, Nottingham, Plymouth, Solihull and Stratford-upon-Avon;
- (b) one (1) “Holiday Inn” branded hotel, located in Peterborough;
- (c) one (1) “Hotel Indigo” branded hotel, located in Liverpool;
- (d) three (3) “DoubleTree by Hilton” branded hotels, located in Chester, Leeds and Manchester;
- (e) three (3) “Hilton Garden Inn” branded hotels, located in Birmingham, Bristol and Glasgow;
- (f) two (2) “AC Hotel by Marriott” branded hotels, located in Birmingham and Salford Quays.



As at the Latest Practicable Date, (a) the right to use the “Crowne Plaza”, “Holiday Inn” and “Hotel Indigo” brands is licensed from IHG Hotels Limited (the “**IHG Franchisor**”) in accordance with the franchise agreements to which it is a party; (b) the right to use the “DoubleTree by Hilton” and “Hilton Garden Inn” brands is licensed from Hilton Worldwide Manage Limited (the “**Hilton Franchisor**”) in accordance with the franchise agreements to which it is a party; and (c) the right to use the “AC Hotel by Marriott” brand is licensed from ACHM Global Hospitality Licensing S.à r.l. (the “**Marriott Franchisor**”, and together with IHG Franchisor and Hilton Franchisor, the “**Franchisors**”, and each a “**Franchisor**”) in accordance with the franchise agreements to which it is a party. Pursuant to such franchise agreements with the Franchisors (collectively, the “**Hotel Franchise Agreements**”, and each a “**Hotel Franchise Agreement**”), the relevant Target Group Companies each have a licence to use the Brand System of the Franchisors at their respective Hospitality Assets.

Please refer to Section 4 of this Target’s Letter to Shareholders titled “*History and Business of Target Group*” for further information on the business and operations of the Target Group.

APPENDIX A – TARGET’S LETTER TO SHAREHOLDERS

3.2 Subsidiaries

The table below sets forth the subsidiaries of the Target Company as at the Latest Practicable Date:

No	Company name	Date of incorporation	Country of incorporation	Principal place of business	Principal activities	Target Company’s effective ownership interest
1.	DTP Infinities Corporation Limited ⁽¹⁾	26 July 2019	England and Wales	England	Holding company	100%
2.	DTP Subholdco Limited	4 October 2017	England and Wales	England	Holding company	100%
3.	DTP Property Trustee 1 Limited	18 January 2005	England and Wales	England	Holding company	100%
4.	DTP Property Trustee 2 Limited	18 January 2005	England and Wales	England	Holding company	100%
5.	DTP Acquisition 2 Mailbox (UK) Limited	11 May 2015	England and Wales	England	Hotel owning company	100%
6.	Chapel Street Hotel Limited	21 November 2006	England and Wales	England	Hotel owning company	100%
7.	Chapel Street Food and Beverage Limited	27 January 2009	England and Wales	England	Hotel operating company	100%
8.	DTP Hospitality UK Limited	13 November 1985	England and Wales	England	Hotel owning company	100%
9.	Chester International Hotel Limited	13 March 1986	England and Wales	England	Hotel owning company	100%
10.	The Harrogate International Hotel Limited	8 April 1982	England and Wales	England	Hotel owning company	100%
11.	The Solihull Hotel Company Limited	4 September 1987	England and Wales	England	Hotel owning company	100%
12.	Five Star Inns Limited	2 April 1964	England and Wales	England	Hotel owning company	100%
13.	Hoole Hall Country Club Limited	22 November 2006	England and Wales	England	Hotel owning company	100%
14.	DTP Regional Hospitality Group Limited	4 October 2017	England and Wales	England	Holding company	100%
15.	DTP Holdco Limited	4 October 2017	England and Wales	England	Holding company	100%

APPENDIX A – TARGET’S LETTER TO SHAREHOLDERS

No	Company name	Date of incorporation	Country of incorporation	Principal place of business	Principal activities	Target Company’s effective ownership interest
16.	Chester International Hotel 2 Limited	23 September 2016	England and Wales	England	Dormant company	100%
17.	DTP Finance Number 1 Limited	18 January 2005	England and Wales	England	Holding company	100%
18.	DTP Employees and Services 2 Limited	17 August 2015	England and Wales	England	Internal service provider	100%
19.	Chapel Street Services Limited	27 January 2009	England and Wales	England	Internal service provider	100%
20.	Norfolk Capital Group Limited	4 July 1946	England and Wales	England	Dormant company	100%
21.	Norfolk Capital Hotels (Southern) Limited	17 July 1972	England and Wales	England	Dormant company	100%
22.	Norfolk Capital Hotels Limited	6 October 1927	England and Wales	England	Dormant company	100%
23.	Rowntrees (Market Street) Manchester Limited	24 February 1969	England and Wales	England	Dormant company	100%
24.	Fraserfort Limited	15 March 1956	England and Wales	England	Dormant company	100%
25.	DTP Employees and Services Limited	8 August 2015	England and Wales	England	Internal service provider	100%
26.	Echo Hotel Limited	17 March 1986	Scotland	Scotland	Hotel owning company	100%
27.	DTP Hospitality Ltd.	4 July 2014	Cayman Islands	Cayman Islands	Holding company	100%
28.	DTP Acquisition 2 Salford Limited	10 April 2015	Cayman Islands	Cayman Islands	Hotel owning company	100%
29.	DTP Acquisition 1 Manchester Limited	10 April 2015	Cayman Islands	Cayman Islands	Hotel owning company	100%
30.	DTP Acquisition 1 Leeds Limited	10 April 2015	Cayman Islands	Cayman Islands	Hotel owning company	100%

APPENDIX A – TARGET’S LETTER TO SHAREHOLDERS

No	Company name	Date of incorporation	Country of incorporation	Principal place of business	Principal activities	Target Company’s effective ownership interest
31.	DTP Acquisition 1 Glasgow Limited	10 April 2015	Cayman Islands	Cayman Islands	Hotel owning company	100%
32.	DTP Acquisition 1 Birmingham Limited	10 April 2015	Cayman Islands	Cayman Islands	Hotel owning company	100%
33.	DTP Acquisition 1 Bristol Limited	10 April 2015	Cayman Islands	Cayman Islands	Hotel owning company	100%
34.	DTP Acquisition 1 Limited	10 April 2015	Cayman Islands	Cayman Islands	Holding company	100%
35.	DTP Acquisition 2 Limited	10 April 2015	Cayman Islands	Cayman Islands	Holding company	100%
36.	DTP Acquisition 2 Mailbox Limited	10 April 2015	Cayman Islands	Cayman Islands	Dormant company	100%
37.	DTP Hoole Chester Limited	17 December 2014	Cayman Islands	Cayman Islands	Hotel owning company	100%
38.	Lanos (Salford Quays) Limited	20 May 2002	Jersey	Jersey	Hotel owning company	100%

Note:

(1) DTP Infinities Corporation Limited is the only principal subsidiary (as defined in the Catalist Rules) of the Target Company. The directors of DTP Infinities Corporation Limited are Mr. Hansa Susayan, Ms. Wanida Suksuwan and Ms. Warunya Punawakul. The auditors of DTP Infinities Corporation Limited are KPMG Ireland.

3.3 Share Capital and Shareholding Structure

The Target Company was incorporated in the Cayman Islands under the Cayman Companies Act (As Revised) as an exempted company limited by shares on 25 July 2019. As at the Latest Practicable Date, the entire issued and paid-up share capital of the Target Company is US\$279,212,682 comprising 279,212,682 ordinary shares of US\$1 each (the shares of the Target Company being the “**Target Company Shares**”).

As at the Latest Practicable Date, there is only one (1) class of shares in the capital of the Target Company, being ordinary shares. The rights and privileges attached to the Target Company’s shares are stated in the memorandum and articles of association of the Target Company.

APPENDIX A – TARGET’S LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, no person has been, or has the right to be, given an option to subscribe for any of the Target Company Shares or any of the shares of the Target Group Companies. As at the Latest Practicable Date, there is no arrangement with the employees of the Target Company or the directors or employees of the Target Group that involves the issue or grant of options or shares or any other securities or securities-based derivatives of the Target Company or any Target Group Company.

3.3.1 Current Shareholders

The table below sets out the names of each substantial shareholder of the Target Company, which means a shareholder who is known by the Target Company to have an interest in 5.0 per cent. or more of the issued Target Company Shares, and each director of the Target Company who has an interest in the Target Company Shares, and the number and percentage of Target Company Shares in which each of them has an interest (whether direct or deemed) as at the date of this Circular:

Name	As at the date of this Circular			
	Direct Interest		Deemed Interest	
	No. of Target Company Shares	%	No. of Target Company Shares	%
Directors				
Mr. Hansa Susayan	–	–	–	–
Ms. Wanida Sukswan	–	–	–	–
Ms. Warunya Punawakul	–	–	–	–
Controlling Shareholders				
DTP Inter Holdings Corporation Pte. Ltd. ⁽¹⁾	279,212,682	100	–	–
DTGO Prosperous Limited ⁽¹⁾	–	–	279,212,682	100
DTGO Corporation Limited ⁽²⁾	–	–	279,212,682	100
DT Group of Companies Corporation Limited ⁽³⁾	–	–	279,212,682	100
Mrs. Thippaporn Ahriyavraromp ⁽⁴⁾	–	–	279,212,682	100

Notes:

- (1) The Target Company is a direct wholly-owned subsidiary of DTP Inter Holdings. DTGO Prosperous Limited (“DTP”) holds 100 per cent. direct interest in DTP Inter Holdings and is therefore deemed to be interested in all of the Target Company Shares which DTP Inter Holdings holds.
- (2) DTGO Corporation Limited (“DTGO Corporation”) holds approximately 99.99 per cent. direct interest in DTP, which in turn holds 100 per cent. direct interest in DTP Inter Holdings. The remaining 0.01 per cent. direct interest in DTP is held by the UBO and her sibling. DTGO Corporation is therefore deemed to be interested in all of the Target Company Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA.

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- (3) DT Group of Companies Corporation Limited (“**DT Group**”) holds approximately 99.99 per cent. direct interest in DTGO Corporation. The remaining 0.01 per cent. direct interest in DTGO Corporation is held by the UBO and her sibling. DTGO Corporation holds approximately 99.99 per cent. direct interest in DTP, which in turn holds 100 per cent. direct interest in DTP Inter Holdings. DT Group is therefore deemed to be interested in all of the Target Company Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA.
- (4) The UBO holds approximately 81.0 per cent. direct interest in DT Group. DT Group holds approximately 99.99 per cent. direct interest in DTGO Corporation. DTGO Corporation holds approximately 99.99 per cent. direct interest in DTP, which in turn holds 100 per cent. direct interest in DTP Inter Holdings. DT Group is therefore deemed to be interested in all of the Target Company Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA. The remaining 19.0 per cent. direct interest in DT Group is held by four (4) siblings of the UBO. Each of these shareholders (individually and together with their associates, as defined in Section 4(5) of the SFA) are not deemed to be interested in all of the Target Company Shares which DTP Inter Holdings holds by virtue of Section 4 of the SFA.

Upon Closing, the Target Company will be a wholly-owned subsidiary of the Company and DTP Inter Holdings will no longer directly hold any Target Company Shares.

As at the date of this Circular, the Target Company Shares held by the directors and substantial shareholders of the Target Company do not carry different voting rights from other shares of the Target Company.

DTGO Group

The DTGO Group’s track record includes the development of (a) ICONSIAM, a mixed-use complex with retail, residential and cultural components with a project value of approximately THB 69,202 million located on the west bank of Bangkok’s Chao Phraya river; (b) Waldorf Astoria Bangkok, a hotel located at the exclusive downtown location by the Ratchaprasong intersection in Bangkok with a project value of approximately THB 4,128 million; and (c) True Digital Park, a campus located in Bangna, Bangkok comprising Thailand’s first and Southeast Asia’s largest startup ecosystem, complete with tech labs, open labs, training centres, and government service centres with a project value of approximately THB 10,892 million.

The DTGO Group is currently developing (i) The Forestias, an urban oasis of green district comprising retail, office, hotel, medical complex, condominiums, villas, senior living, branded residence and serviced apartments located in Bangna, Bangkok and a project value of approximately THB 90,000 million; and (ii) Cloud 11, a mixed use project to develop an entertainment tech playground located in Sukhumvit, Bangkok with a project value of approximately THB 30,000 million.

The DTGO Group has been named by the Ethisphere Institute as one of the “World’s Most Ethical Companies” from 2019 to 2023.

3.3.2 Changes in Issued Share Capital

Save as set out below and Section 3.4 of this Target’s Letter to Shareholders titled “*Restructuring Exercise in Respect of Target Group*”, there were no changes in the share capital nor significant changes in the ownership of the equity interest of the Target Company or any of its subsidiaries for the period of three (3) years before the Latest Practicable Date.

APPENDIX A – TARGET’S LETTER TO SHAREHOLDERS

Details of the changes in the issued and paid-up capital of the Target Group Companies for the last three (3) years prior to the Latest Practicable Date are set out in the table below:

The Target Company

Date	Price per Target Company Share	No. of Target Company Shares Issued	Purpose of Issue	Resultant Issued Share Capital
12 June 2023	US\$1	148,099,433 ⁽¹⁾	Capitalisation of loan ⁽⁴⁾	US\$148,100,433
20 June 2023	US\$1	55,473,292 ⁽²⁾	Allotment of Target Company Shares ⁽⁴⁾	US\$203,573,725
1 September 2023	US\$1	75,638,957 ⁽³⁾	Capitalisation of loan ⁽⁵⁾	US\$279,212,682

Notes:

- (1) 148,099,433 Target Company Shares of a par value of US\$1 each were issued to DTP Inter Holdings for consideration of US\$148,099,433.
- (2) 55,473,292 Target Company Shares of a par value of US\$1 each were issued to DTP Inter Holdings for consideration of US\$55,473,292.
- (3) 75,638,957 Target Company Shares of a par value of US\$1.00 each were issued to DTP Inter Holdings for consideration of US\$75,638,957.
- (4) Pursuant to the Existing Shareholder Loans Capitalisation. For further details, please refer to Sections 8.5 and 13.3 of this Target’s Letter to Shareholders titled “*Liquidity and Capital Resources*” and “*Present and Ongoing Interested Person Transactions*”.
- (5) Pursuant to the Subsequent Additional Capitalisation. For further details, please refer to Sections 8.5 and 13.3 of this Target’s Letter to Shareholders titled “*Liquidity and Capital Resources*” and “*Present and Ongoing Interested Person Transactions*” respectively.

DTP Finance Number 1 Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£1	149,999,902	Reduction of share capital ⁽¹⁾	£100 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, DTP Finance Number 1 Limited had a total issued share capital of £150,000,002. Accordingly, the capital reduction of £149,999,902 represents an approximately 99.99% reduction in share capital.

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Echo Hotel Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£0.5	8,563,097	Reduction of share capital ⁽¹⁾	£100 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Echo Hotel Limited had a total issued share capital of £4,281,648.50. Accordingly, the capital reduction of £4,281,548.50 represents an approximately 99.99% reduction in share capital.

Five Star Inns Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£1	20,100	Reduction of share capital ⁽¹⁾	£100 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Five Star Inns Limited had a total issued share capital of £20,200. Accordingly, the capital reduction of £20,100 represents an approximately 99.5% reduction in share capital.

Norfolk Capital Group Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£0.05	413,801,453	Reduction of share capital ⁽¹⁾	£1 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Norfolk Capital Group Limited had a total issued share capital of £20,690,073.65. Accordingly, the capital reduction of £20,690,072.65 represents an approximately 99.99% reduction in share capital.

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Norfolk Capital Hotels Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£1	65,000	Reduction of share capital ⁽¹⁾	£1 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Norfolk Capital Hotels Limited had a total issued share capital of £65,001. Accordingly, the capital reduction of £65,000 represents an approximately 99.99% reduction in share capital.

Norfolk Capital Hotels (Southern) Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£1	1,942,794	Reduction of share capital ⁽¹⁾	£1 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Norfolk Capital Hotels (Southern) Limited had a total issued share capital of £1,942,795. Accordingly, the capital reduction of £1,942,794 represents an approximately 99.99% reduction in share capital.

The Harrogate International Hotel Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£1	3,499,900	Reduction of share capital ⁽¹⁾	£100 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, The Harrogate International Hotel Limited had a total issued share capital of £3,500,000. Accordingly, the capital reduction of £3,499,900 represents an approximately 99.99% reduction in share capital.

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Chester International Hotel Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£1	5,499,903	Reduction of share capital ⁽¹⁾	£100 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Chester International Hotel Limited had a total issued share capital of £5,500,003. Accordingly, the capital reduction of £5,499,903 represents an approximately 99.99% reduction in share capital.

Fraserfort Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£1	32,737,406	Reduction of share capital ⁽¹⁾	£1 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Fraserfort Limited had a total issued share capital of £32,737,407. Accordingly, the capital reduction of £32,737,406 represents an approximately 99.99% reduction in share capital.

Chapel Street Food and Beverage Limited

Date	Price per Share	No. of Shares Reduced	Purpose of Reduction	Resultant Issued Share Capital
28 September 2023	£0.01	2,048,303	Reduction of share capital ⁽¹⁾	£218.01 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Chapel Street Food and Beverage Limited had a total issued share capital of £20,701.04. Accordingly, the capital reduction of £20,483.03 represents an approximately 98.95% reduction in share capital.

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Chapel Street Services Limited

<u>Date</u>	<u>Price per Share</u>	<u>No. of Shares Reduced</u>	<u>Purpose of Reduction</u>	<u>Resultant Issued Share Capital</u>
28 September 2023	£0.01	2,048,303	Reduction of share capital ⁽¹⁾	£218.01 ⁽²⁾

Notes:

- (1) The capital reduction was undertaken to create additional distributable reserves and was made to comply with the Target Group’s obligations under the June 2023 Waiver Letter (please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Waiver of Reduction Obligations under the Facility Agreements*” for further information). Such capital reduction did not involve cash and will not affect the Target Group’s consolidated financial statements, distribution capability or covenants under the Facility Agreements.
- (2) Prior to the capital reduction, Chapel Street Services Limited had a total issued share capital of £20,701.04. Accordingly, the capital reduction of £20,483.03 represents an approximately 98.95% reduction in share capital.

Save as disclosed above and in Section 3.4 of this Target’s Letter to Shareholders titled “*Restructuring Exercise in Respect of Target Group*”, no shares in, or debentures of, the Target Company or any of its subsidiaries have been issued, as fully or partly paid-up for cash, or for a consideration other than cash, during the last three (3) years preceding the Latest Practicable Date.

3.3.3 Change in Control of the Target Company

Save as disclosed above, the Target Company is not directly or indirectly owned or controlled, whether severally or jointly, by any government or any other person.

As at the date of this Circular, save for the Proposed Acquisition, there is no other arrangement the operation of which may, at a subsequent date, result in a change of control of the Target Company after Closing.

There have been no public take-over offers by third parties in respect of any Target Company Shares or by the Target Company in respect of another corporation’s shares or units of a business trust which have occurred between the beginning of FY2022, being the most recently completed financial year, and the Latest Practicable Date.

3.4 Restructuring Exercise in Respect of Target Group

Pursuant to an internal restructuring exercise, DTP Inter Holdings had on 1 August 2023 entered into a share purchase agreement (the “**Restructuring Agreement**”) for the purchase of the entire issued and paid-up share capital of DTP Management Limited from DTP Infinities Corporation Limited (a Target Group Company) for a consideration of £5.0 million (the “**Restructuring**”). The Restructuring was completed on 14 August 2023.

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4. HISTORY AND BUSINESS OF TARGET GROUP

4.1 Key Milestones

Acquisition Phase

In December 2019, DTP Infinities Corporation Limited:

- (a) acquired from Bryant Park Funding Designated Activity Company, a portfolio company of Marathon European Credit Opportunity Master Fund II Limited, the entire issued share capital of DTP Hospitality, the holding company of the group of companies which owns the Hospitality Assets; and
- (b) acquired from Marathon European Credit Opportunity Master Fund II, Ltd. and Marathon European CRE Opportunity Fund, LP the entire issued share capital of DTP Management Limited, which holds 25 per cent. of the share capital of Valor,¹

(collectively, the “**2019 Transaction**”).

Post-Acquisition Phase

The outbreak of the COVID-19 pandemic occurred soon after the completion of the 2019 Transaction. During this period, the Target Group remained resilient and continued its business without disruption, save for the periods of mandated closure by the United Kingdom’s Government between March and early July 2020. The Target Group also took the opportunity to commence the upgrading of its Hotels in line with Brand Standards, including to implement the Cladding Programme and the Property Improvement Plan, and to dedicate resources to marketing and promotion of its Hotels to put itself in a more advantageous position during the market recovery post-COVID-19. As a result, the Target Group has managed to achieve a strong and swift recovery in 2022.

4.2 Business and Operations

The Target Group owns and manages the operations of well-known international brand hotels in the United Kingdom. Its business and operations are currently organised under two (2) geographical segments, being England and Scotland. Two (2) of the Hospitality Assets are located in Scotland and the remainder are located in England. The Target Group has long term licences to use the Brand Systems of the Franchisors at its respective Hospitality Assets.

The following table sets out the breakdown of the Target Group’s revenue by geographical segment, by amount and as a percentage of the Target Group’s total revenue, for FY2020, FY2021, FY2022, 1H2022 and 1H2023.

	FY2020		FY2021		FY2022		1H2022		1H2023	
	(£’m)	(%)	(£’m)	(%)	(£’m)	(%)	(£’m)	(%)	(£’m)	(%)
England	39.1	88.4	76.2	86.5	112.5	87.4	50.8	87.8	59.1	86.9
Scotland	5.1	11.6	11.9	13.5	16.3	12.6	7.1	12.2	8.9	13.1
Total	44.2	100.0	88.1	100.0	128.8	100.0	57.9	100.0	67.9	100.0

¹ The remaining 75 per cent. of the share capital of Valor is owned by Valor Hospitality Holdings LLC.

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The Target Group’s ownership interests in, and arrangements for the operation and branding of, the Hospitality Assets are described below.

Ownership and Investment Focus

Ownership

The Target Group owns (through freehold and/or leasehold interests, as the case may be) all of the Hospitality Assets, comprising land and the buildings thereon. Two (2) of the Hospitality Assets are located in Scotland and the remainder in England. Four (4) of the Hospitality Assets are freehold (or have heritable title), two (2) are part freehold and part long leasehold and 11 are held under long leases. The enterprise value of the Target Group (before any deductions for net debt) is £601,457,000 as at 30 June 2023, based on the Updated Valuation Report. Each property is used for the purposes of running a hotel business located on the property (each a “**Hotel**”).

Please refer to Section 4.4 of this Target’s Letter to Shareholders titled “*The Hotels*” for further information on each of the Hospitality Assets.

Investment Focus and Criteria

The Target Group may from time to time acquire new hospitality or lodging-related assets to add to its existing portfolio of Hospitality Assets. It is currently contemplated that such assets will be operational and revenue-generating (but excluding, for the avoidance of doubt, development or under construction) properties for hospitality or lodging-related uses (such as hotels, serviced apartments, purpose-built student accommodation and workers’ dormitories), which may be located anywhere in the world.

In evaluating future acquisition opportunities, the Target Group will focus primarily on the following investment criteria in relation to hospitality or lodging-related assets under consideration:

- (a) **Location** – The Target Group will assess the location of each hospitality or lodging-related asset and its potential based on the market. The Target Group will evaluate potential acquisition targets for micro-market location and convenient access to major roads, public transportation and major convention centres or entertainment venues.
- (b) **Value-adding opportunities** – The Target Group will seek to acquire hospitality or lodging-related assets with opportunities to increase occupancy rates and enhance value through proactive management. The potential to add value through selective renovation or other types of asset enhancement initiatives will be assessed.
- (c) **Building and facilities specification** – The Target Group will endeavour to conduct thorough property due diligence and adhere strictly to the relevant quality specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired. The Target Group will seek to acquire hospitality or lodging-related assets with good quality specifications (i.e. those which are in line with relevant industry building and construction standards) and which are in compliance with the relevant building and zoning regulations, including energy conservation, health and safety regulations.

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The Target Group will rely on due diligence reports submitted by experts relating to the structural soundness of the buildings and repairs, maintenance, capital expenditure requirements and encroachment of site boundaries. These reports will be the basis upon which the Target Group will assess building conditions and the expected levels of future capital expenditures.

- (d) **Sustainable Innovation** – The Target Group believes in a long-term value-added investment strategy that focuses on innovation and adheres to ESG principles. Although the rapid growth of ESG investment funds in recent years has raised concerns about the authenticity and transparency of companies’ ESG policies and investments, the Target Group remains committed to its utilisation of ESG benchmarks to evaluate its potential investments. In view of the growing trend of mutual funds, brokerage firms, and advisers offering investment products that employ ESG principles, the Target Group expects that its business and funding opportunities will continue to grow.

Operating contract with Valor

DTPH UK, along with DTP Regional Hospitality Group Limited (“**DTP Regional Hospitality**”), DTP Hospitality, DTP Employees and Services Limited and DTP Employees and Services 2 Limited, have each appointed Valor to manage the day-to-day operations of the Hotels and provide asset management and strategic, management and operational services and project management services in respect of the portfolio of Hospitality Assets.

Valor has managed the Hospitality Assets for Marathon Asset Management and following their acquisition by the Target Group, manages them for the Target Group. The Hospitality Assets have not been owned by Valor Group at any point in time. There were no pre-existing relationships, prior to the 2019 Transaction, between the DTGO Group and the controlling shareholders of the Valor Group (as defined below).

Background on Valor

75 per cent. of Valor’s share capital is owned by Valor Hospitality Holdings LLC, which also owns 100 per cent. of Valor Hospitality Partners LLC (“**VHP**”), a United States-based hotel manager and investment firm founded in Atlanta in 2012. VHP oversees the global operations of VHP’s affiliated entities, which cover the United States, the United Kingdom, Europe, Africa, the Middle East and Asia (collectively, the “**Valor Group**”). VHP’s global portfolio (including properties managed by VHP affiliates) consists of 90 leading hotels and resorts operated under a variety of brands including those provided by the Franchisors. The remaining 25 per cent. of Valor’s share capital is owned by DTP Management Limited, a wholly-owned subsidiary of DTP Inter Holdings, a controlling shareholder of the Target Company. The Valor Group is embarking on a goal to “Reimagine Hospitality” and bring unique culture and commerciality to owners, investors and developers around the world. With all strategies in place and a robust social media and digital marketing platform driving worldwide recognition and accolades for both the Valor Group and their portfolio of properties, the Valor Group is well positioned to grow in size and stature over the coming years.

The Valor Group was founded by Euan McGlashan and Steve Cesinger in 2012 from a merger of each of their respective operations, growing from a management portfolio of eight (8) hotels. Euan McGlashan, the global co-founder and chief executive officer, has an award-winning career in luxury, resorts, independent and branded hotels. Steve

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Cesinger, the global co-founder and chief capital officer, has over 40 years of experience in private equity, corporate finance, investment banking, distressed/workouts, treasury and operations, including a principal focus over the last 20 years in commercial real estate and hospitality. In the same year, Brandon Hatfield, the global principal and chief investment officer, joined the Valor Group.

In 2014, the Valor Group advised on the purchase of a portfolio of 11 hotels for Marathon Asset Management. Valor advised on the acquisition and developed a unique plan to operate, upgrade, renovate and significantly enhance the assets following the purchase. In connection with Marathon Asset Management’s acquisition of the portfolio, the Valor Group formed a United Kingdom and European division, Valor. The Valor Group subsequently advised on the purchase of several more individual hotels and distressed portfolios. These acquisitions eventually formed the Hospitality Assets that were sold to the Target Group under the 2019 Transaction.

As at the Latest Practicable Date, Valor has human resources of 35 full-time employees and a shared service centre with 61 full-time employees. They are together led by president, UK and Europe, Brian McCarthy and an executive team which has many years of experience in the hotel industry, including experience in managing international and multi-brand hotel portfolios.

Valor Management Agreement

An amended and restated hotel management agreement for the provision of asset management and strategic services, management operational services and project management services in respect of the portfolio of Hospitality Assets was entered into between Valor, DTP Regional Hospitality, DTPH UK, DTP Hospitality, DTP Employees and Services Limited and DTP Employees and Services 2 Limited dated 10 December 2019, as amended pursuant to amendment agreements between each of Valor, DTPH UK and DTP Hospitality dated 1 April 2020, 1 September 2020 and 1 April 2021 (the “**Valor Management Agreement**”). For the avoidance of doubt, any new hotels acquired by the Target Group will be subject to negotiation with Valor as to whether such new hotels will be included under the Valor Management Agreement.

A summary of the key terms of the Valor Management Agreement is set out below:

(a) Appointment

Pursuant to the Valor Management Agreement, DTP Regional Hospitality authorises, appoints and engages Valor to plan, equip, promote, operate and manage the Hotels in the portfolio in accordance with the terms and provisions of, and at the standards imposed by the respective Franchisor on the relevant Target Group Company under, the relevant Hotel Franchise Agreement. The functions to be performed by Valor, subject to the relevant Hotel Franchise Agreements, include, but are not limited to:

- (i) subject to the limitations set out in the Valor Management Agreement, negotiating and entering into, on behalf of DTP Regional Hospitality or DTPH UK, as appropriate:
 - (1) service contracts required in the ordinary course of business for the operation of each Hotel, including, without limitation, utility, maintenance and other services; and

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- (2) concession agreements, leases, licences, and similar contracts for use by concessionaires, tenants, licensees and other intended users of the facilities of each Hotel (other than Hotel guests), and to monitor the performance of and enforce any rights of DTP Regional Hospitality or DTPH UK, as appropriate, as lessor of any such lease;
- (ii) obtaining and maintaining in full force and effect all licences and permits necessary to enable Valor to operate the Hotels in accordance with relevant legal requirements;
- (iii) planning, executing and supervising repairs and maintenance at each Hotel;
- (iv) arranging and contracting the advertising and promotion of each Hotel in the portfolio as Valor deems necessary or appropriate for the operation of each such Hotel;
- (v) preparing and delivering to DTP Regional Hospitality an asset development plan and schedules, financial statements and other similar information as may be required by DTP Regional Hospitality; and
- (vi) operating each Hotel in compliance with the relevant Hotel Franchise Agreement and, within a reasonable time frame, providing DTP Regional Hospitality with copies of all correspondence, other inspections or assessments in relation to such Hotel Franchise Agreement.

(b) Term

The Valor Management Agreement has a term of seven (7) years from 10 December 2019 until 9 December 2026, and will be automatically extended for an additional five (5) year period unless either party provides prior written notice of non-extension to the other party at least six (6) months before the expiry of the initial term².

(c) Termination

The Valor Management Agreement can be terminated if:

- (i) DTP Regional Hospitality gives 30 days written notice to Valor;
- (ii) there is a compulsory purchase (or similar proceeding) by a competent authority of:
 - (1) the whole of a Hotel; or
 - (2) a portion of a Hotel which, in the opinion of DTP Regional Hospitality, makes it imprudent or unreasonable to use the remaining portion as a hotel,

in such circumstances DTP Regional Hospitality may terminate the Valor Management Agreement in respect of the relevant Hotel from the date on which the title vests in the purchasing authority and no termination penalty/fee shall be paid to Valor with respect to such termination;

² Renewal and/or extension of the term of the Valor Management Agreement will be within the purview of the Proposed New Board.

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- (iii) any of the following events of default on account of Valor occur:
- (1) Valor fails to pay any sum due to DTP Regional Hospitality³ if such failure is not cured within three (3) business days of written notice from DTP Regional Hospitality specifying such failure;
 - (2) there is an assignment by Valor in violation of the assignment clause;
 - (3) Valor fails to keep, observe or perform any material covenant, agreement, term or provision for a period of 30 days after notice from DTP Regional Hospitality unless such breach can be cured within 90 days in which case DTP Regional Hospitality shall in good faith consider extending the cure period to 90 days;
 - (4) causing loss of premises licences or the right to serve alcohol at any Hotel for a period of more than 30 days;
 - (5) Valor fails to maintain or operate any of the Hotels in accordance with the standards required under the Valor Management Agreement for a period of more than 30 days of written notice from DTP Regional Hospitality, provided that if such failure is capable of being cured but cannot reasonably be cured within such 30 day period and if Valor has promptly, diligently and continuously pursued the cure thereof within such 30 day period, Valor shall be granted an additional 30 days to effectuate the cure. If at the end of such 60 day period, the cure has not been effectuated notwithstanding Valor’s diligent and continuous attempts to cure, then at the request of Valor, DTP Regional Hospitality shall extend the cure period for up to an additional 60 days, if in DTP Regional Hospitality’s reasonable opinion the default is capable of cure within such additional period as DTP Regional Hospitality may permit and the extension will not have a materially negative effect on the financial performance of the Hotels;
 - (6) Valor becomes insolvent (or an analogous circumstance takes place);

³ Valor may be required to pay sums to DTP Regional Hospitality pursuant to the terms of the Valor Management Agreement in certain circumstances, such as (i) where DTP Regional Hospitality exercises its right to audit the items of expense and revenue under the Valor Management Agreement and such audit identifies an overpayment of management fees to Valor; and (ii) under the indemnity granted by Valor to, *inter alia*, the Target Group and its controlling shareholders in connection with any third party claims arising from, amongst others, Valor’s gross negligence, wilful misconduct, fraud or action outside the scope of authority granted to Valor. As at the Latest Practicable Date, no sums are owed by Valor to DTP Regional Hospitality under the Valor Management Agreement.

While there are no specific measures to monitor the occurrence of the circumstances described above, (i) the internal auditors and the external auditors may as part of the annual audit process require verification of material amounts paid to major customers, major suppliers and major business partners (including, for the avoidance of doubt, Valor), and in addition, DTP Regional Hospitality has a right at its discretion to request for audit of the items of expense and revenue under the Valor Management Agreement; and (ii) there is a process for third party claims against the Target Group to be examined by the Target Group’s internal legal team and (where appropriate) escalated to the Proposed New Board for consideration and discussion of available legal recourse (including, without limitation, claiming on any indemnities provided by the relevant party(ies) whose action or inaction may have given rise to such third party claim). In view of the nature of these circumstances, as of the date of this Circular, the Proposed New Board and the Internal Controls Reviewer are of the view that the foregoing measures are sufficient to ensure that any relevant sums due to the Target Group by Valor in these circumstances will be identified by the Target Group and paid to the Target Group in a timely manner. The foregoing measures have been considered by the Internal Controls Reviewer as part of its pre-listing internal controls review and taken into account by the Proposed New Board in providing its views on the adequacy of the Target Group’s internal controls (see section 12.2 of this Target’s Letter to Shareholders titled “*New Audit Committee – Internal Controls*”).

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- (7) failure by Valor to maintain the required level of insurance and such failure is not remedied with 30 days written notice from DTP Regional Hospitality, provided that if such failure is capable of being cured but cannot reasonably be cured within such 30 day period and if Valor has promptly, diligently and continuously pursued the cure thereof within such 30 day period, Valor shall be granted an additional 30 days to effectuate the cure;
 - (8) there is a default under any Hotel Franchise Agreement due to an act or omission on the part of Valor which may, if uncured, permit the relevant Franchisor to terminate the applicable Hotel Franchise Agreement;
 - (9) any fraud, gross negligence wilful misconduct, criminal conduct or misappropriation of funds by Valor; or
 - (10) any default under any mortgage agreement due to any act or omission by Valor and the lender takes any enforcement action;
- (iv) there is a failure of all the Hotels, in aggregate, to generate gross operating profit equal to or greater than 85 per cent. of the gross operating profit (the “**Profit Threshold**”) in the annual operating budget for two (2) consecutive years unless (1) Valor makes a remedial payment within 30 days of DTP Regional Hospitality giving notice to terminate⁴; or (2) failure to meet the performance test is due to a force majeure⁵, a material default of DTP Regional Hospitality or major renovations of any Hotel(s), provided however Valor shall not be deemed to have failed the Profit Threshold requirement for any year in which the RevPAR for all of the Hotels is equal to or greater than 85 per cent. of the RevPAR index for a set of comparable hotels in HotStats Reports^{6,7} (or any successor index, appropriately adjusted; provided that, if there shall be no successor index, a substitute index reasonably acceptable to the parties shall be agreed) and provided, further, if parties are unable to agree upon a set of comparable hotels and/or substitute index as the case may be, such dispute shall be resolved by an independent expert appointed by agreement between the parties; and

4 No remedial payments have been made by Valor to the Target Group. Such remedial payment is calculated as an amount equal to the difference between the gross operating profit for the second of the relevant two (2) consecutive years and 85.0% of the gross operating profit in the annual operating budget for such fiscal year.

For the avoidance of doubt, the remedial payment is not an amount due from Valor. Rather, Valor has the option to make such a remedial payment to avoid termination of the Valor Management Agreement in the event that Valor fails to meet the Profit Threshold requirement. Accordingly, in the event that the Valor Management Agreement is terminated due to Valor’s failure to meet the Profit Threshold requirement, the Target Group does not have (or retain) any right to require Valor to make the remedial payment.

5 Due to the effects of the COVID-19 pandemic on the hotel industry, the Profit Threshold under the Valor Management Agreement was not met based on the gross operating profit/loss for 2020 and 2021 compared to the annual operating budget for those years. However, no event of default was triggered under the Valor Management Agreement as the COVID-19 pandemic was determined by parties to be a force majeure event.

6 HotStats Reports are reports compiled by HotStats Limited, which contain historical supply and demand, occupancy, and average rate information for hotels. The set of comparable hotels set out in the HotStats Reports may be subject to adjustment or change over time.

7 This was negotiated with the relevant Marathon entities when they first acquired the portfolio of Hospitality Assets, based on the industry norm for performance measures. The Target Group then adopted this when they acquired the portfolio pursuant to the 2019 Transaction.

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- (v) any of the following events of default on account of DTP Regional Hospitality occur:
- (1) failure by DTP Regional Hospitality to pay Valor any money owed and such failure is not remedied within ten (10) business days of written notice from Valor;
 - (2) DTP Regional Hospitality fails to materially keep, observe or perform any covenant, agreement, term or provision for a period of 30 days after notice from Valor unless such breach can be cured within 90 days;
 - (3) due to any uncured default under a mortgage, not caused by an act or omission of Valor, the lender exercises power of sale or appointment of receiver or any of the Hotels is sold in lieu of such power of sale being exercised or such receiver being appointed;
 - (4) subject to the terms of any duty of care agreement entered into with a lender or its appointed security agent, DTP Regional Hospitality becomes insolvent (or an analogous circumstance takes place); or
 - (5) a lender exercises its power of sale or appointment of receiver pursuant to a mortgage agreement.

These termination rights are subject to the terms of the relevant duty of care agreement. See Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – Valor Management Agreement Duty of Care Agreement*”. For the avoidance of doubt, the sale of a Hotel or Hotels is not an event of default under the Valor Management Agreement.

(d) Fees

Under the Valor Management Agreement, Valor will receive:

- (i) a base fee based upon a fixed percentage for each Hotel (which varies from 3.25 per cent. to 3.75 per cent.) of gross operating revenues generated by the Hotels during each accounting period (the “**Base Fee**”). A component of the base fee is attributable to Valor’s asset management activities on behalf of DTP Regional Hospitality;
- (ii) an incentive fee of 10 per cent. per annum of the amount by which EBITDA for each year exceeds the target operating income⁸ for that year (the “**Incentive Fee**”); and

⁸ The target operating income is determined collectively for the portfolio as follows: (a) fixed at specific increasing amounts for each of the years ending 31 December 2020 to 2023; and (b) for each subsequent year by increasing the amount for the year ending 31 December 2023 at a rate of 3 per cent. for each such year thereafter, provided always that the target operating income will be adjusted accordingly (i) in the event of any existing Hotel being sold; (ii) in the event of a new hotel becoming a Hotel; or (iii) in the case of major capital expenditure by DTP Regional Hospitality on any of the Hotel. If parties are unable to agree on the appropriate adjustment to the target operating income, an independent expert (the “**Expert**”) shall be appointed (on terms and conditions to be agreed between the parties, failing which, either party shall then be entitled to request an officer of the Academy of Experts to nominate a suitable Expert and agree on the Expert’s terms of appointment) to determine such adjustment. In the event of changes to the target operating income, the parties who would be responsible for approving the resulting change in the Incentive Fee would be (a) the board of DTP Regional Hospitality (comprising Mr. Hansa Susayan, Ms. Warunya Punawakul and Ms. Wanida Sukswan in their capacity as directors of DTP Regional Hospitality) and (b) the board of DTPH UK (comprising Hansa Susayan, Warunya Punawakul and Wanida Sukswan in their capacity as directors of DTPH UK). DTP Regional Hospitality and DTPH UK are entities within the Target Group.

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(iii) a project management fee of 2 per cent. of the cost of any capital improvements, major renovations or similar works for which Valor takes responsibility as project manager (the “**Project Management Fee**”),

(the Base Fee, the Incentive Fee and the Project Management Fee being, together, the “**Fees**”).

Pursuant to amendment agreements entered into on 1 April 2020, 1 September 2020 and 1 April 2021 in connection with the COVID-19 pandemic, the Fees payable under the Valor Management Agreement were amended to be paid as (1) a fixed monthly sum from April 2020 to August 2020; and (2) a fixed monthly sum and a 2% Project Management Fee (reduced from 3% before April 2020) from September 2020 to June 2021. From July 2021 onwards, the Project Management Fee remained at 2% while the Base Fee and the Incentive Fee reverted to their original rates. The amendments were made upon request of the Target Group resulting in improved terms for the Target Group.

The Project Management Fee of 3% was initially agreed to cover the cost of Valor employing a development director, project manager, capital controller and accounts payable personnel (the “**Capital Improvements Personnel**”) for the capital improvements, major renovations or similar works that the Target Group intended to complete after the acquisition of the portfolio in 2019. The fee was reduced to 2% as part of the negotiations on the fees during the COVID-19 pandemic and has remained at 2% as at the Latest Practicable Date. Valor does not recover its costs for employing the Capital Improvements Personnel but the contracting parties to the Valor Management Agreement have agreed that the Project Management Fee which is fixed at 2% remain in effect after July 2021, in view of the Fees agreed with Valor during the COVID-19 pandemic.

Subject to certain exclusions relating to the cause for termination, DTP Regional Hospitality shall pay a fee to Valor for the loss of any individual Hotel or group of Hotels or the termination of the Valor Management Agreement in amount equal to the average monthly base fee multiplied by:

(A) if terminated before 31 December 2023, 18; and

(B) if terminated after 1 January 2024, 12.

Operators seek compensation for loss of future management fees due to early termination. Such compensation will be gradually reduced approaching the end of term when they earn the full management fee as promised. This is in line with industry practice. There is no termination fee applicable for non-renewal of the Valor Management Agreement.

If DTP Regional Hospitality terminates the Valor Management Agreement in respect of Hotels contributing at least 35 per cent. of the gross operating revenue over the last 12 months, then Valor may request DTP Regional Hospitality to terminate the Valor Management Agreement in relation to all the remaining Hotels and shall pay any relevant termination fees.

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The Valor Management Agreement provides that no termination fee will be payable in respect of a sale of Crowne Plaza Chester and that this sale will not contribute to the 35 per cent. threshold referred to above.

(e) Insurance

The Valor Management Agreement requires a minimum level of insurance to be maintained in a manner consistent with the terms and conditions of the Facility Agreements (including any related security agreements) and the Hotel Franchise Agreements.

(f) Non-Competition

Under the Valor Management Agreement, Valor is restricted from developing, syndicating, owning, operating, leasing, financing, franchising, marketing or managing any hotel within a specific radius of each Hotel without the prior written consent of DTP Regional Hospitality during the term of the Valor Management Agreement. The Target Group has previously granted consent to Valor for the management of Crowne Plaza Leeds, which was within the specific radius of DoubleTree by Hilton Leeds City Centre. The consent was granted on the basis of, amongst others, (i) minimal overlap in the customers that the hotels attracted; (ii) greater opportunities to bid on larger group enquiries and negotiate for larger corporate contracts, with potential for overflow rooms at either hotel; and (iii) greater economies of scale which would potentially facilitate the negotiation of better terms with suppliers, including service providers of housekeeping and maintenance services.

There have been no breaches by the Target Group of the terms and conditions of the Valor Management Agreement during the Period Under Review. There have not been any past incidents of default and/or failure by Valor to fulfil its obligations under the Valor Management Agreement.

The Proposed New Board will disclose material amendment(s) to the terms of the Valor Management Agreement via SGXNet announcement(s) in a timely manner, including but not limited to (i) provisions relating to fees, termination clauses and the Profit Threshold requirement; and (ii) the Proposed New Board’s assessment on whether such material amendment(s) are prejudicial to the interests of the Enlarged Group and its minority Shareholders. In arriving at the Proposed New Board’s foregoing assessment, the Proposed New Board will consider both the external auditors’ and the internal auditors’ comments on the material implication(s) to the Enlarged Group’s internal controls and/or financial condition arising from such amendment(s).

To ensure the timely flow of information to the Target Group with regards to the underlying performance of the respective Hotels managed by Valor, Valor delivers to the Target Group on a monthly basis a comprehensive financial reporting pack along with commentary (where relevant) on performance indicators including actual revenue and expenditure, budget variances, booking enquiries, competitive set (CompSet) comparisons from STR, revised financial projections (including EBITDA) and updates on the Target Group’s ongoing capital expenditure projects.

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The Internal Controls Reviewer has recommended, during its pre-listing internal controls review, for policies and procedures on period-end closing controls to be established. During the follow-up review, the Internal Controls Reviewer noted that the policy on period-end closing controls including the list of month-end tasks, corresponding timelines and respective staff-in-charge (Valor or Target Group) has been implemented. The aforementioned policy also includes the review of the Target Group’s operating performance. In addition, policies and procedures on monitoring of the outsourced service provider including procedures to monitor such service provider’s performance (KPIs) were recommended during the Internal Controls Reviewer’s review and have been implemented during the follow-up review. The new policies will need to be monitored for operating effectiveness as part of the ongoing internal audit plan. Notwithstanding that the new policies and procedures on period-end closing controls and monitoring of outsourced service provider will need to be monitored for operating effectiveness as part of the ongoing internal audit plan, as of the date of this Circular, the Internal Controls Reviewer has reviewed the measures, and together with the Proposed New Board, is of the view that the measures in place are adequate and designed effectively.

Franchise Arrangements

Franchise Rights

Under each Hotel Franchise Agreement, the relevant Franchisor has granted to the relevant Target Group Companies a non-assignable, non-exclusive licence to use, *inter alia*, certain service marks, trademarks and logos and other elements designed to identify hotels and to associate the relevant Hotel with the relevant brand (the “**Brand System**”).

The Brand System comprises certain intellectual property rights designed to associate the relevant Hotel with the relevant brand, constituting a distinctive business and the Brand Standards. “**Brand Standards**” means such standards, specifications, policies and other requirements as stated and referred to in the relevant Hotel Franchise Agreement, manuals or other information applicable to the relevant Hotel.

Through the Hotel Franchise Agreements, the Target Group gains access to the Brand Systems of renowned international hotel brands, allowing the Target Group to leverage off their brand equity. Save as disclosed below, the Target Group does not use or own any registered patents, copyrights, trademarks or other intellectual property which are material to its business and profitability.

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No.	Relevant Franchise Agreement	Summary of Franchise Rights	Expiry
1.	<p>The Hotel Franchise Agreements between each of DTP Acquisition 1 Bristol Limited, DTP Acquisition 1 Birmingham Limited, DTP Acquisition 1 Glasgow Limited, DTP Acquisition 1 Manchester Limited, Hoole Hall Country Club Limited, DTP Acquisition 1 Leeds Limited (the “Hilton Franchisees” and each a “Hilton Franchisee”) and the Hilton Franchisor, each dated 18 May 2015 (save for the franchise agreement between Hoole Hall Country Club Limited and the Hilton Franchisor, which is dated 24 February 2015) as amended, assigned and supplemented</p>	<p>The Hilton Franchisees are granted a licence to use the Hilton Franchisor’s Brand System in connection with the operation of each Hilton Hotel in exchange for fees, which includes, <i>inter alia</i>, the use of the brand names “Hilton Garden Inn” and “DoubleTree by Hilton”, and all other service marks, copyrights, trade marks and trade names under the Brand System.</p> <p>“Hilton Hotel” means each of the following:</p> <ul style="list-style-type: none"> • DoubleTree by Hilton Hotel & Spa Chester; • DoubleTree by Hilton Leeds City Centre; • DoubleTree by Hilton Manchester Piccadilly; • Hilton Garden Inn Bristol City Centre; • Hilton Garden Inn Birmingham Brindley Place; and • Hilton Garden Inn Glasgow City Centre. 	<p>In respect of each relevant Hotel other than DoubleTree by Hilton Hotel & Spa Chester, 31 December 2031.</p> <p>In respect of DoubleTree by Hilton Hotel & Spa Chester, 30 November 2028.</p>

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No.	Relevant Franchise Agreement	Summary of Franchise Rights	Expiry
2.	<p>The Hotel Franchise Agreements between each of Echo Hotel Limited, The Harrogate International Hotel Limited, The Solihull Hotel Company Limited, Five Star Inns Limited, Chester International Hotel Limited, and Chapel Street Services Limited (the “IHG Franchisees” and each an “IHG Franchisee”) and the IHG Franchisor, each dated 4 May 2016 (save for the franchise agreement between Chapel Street Services Limited and the IHG Franchisor, which is dated 5 August 2009) as amended, assigned and supplemented</p>	<p>The IHG Franchisees are granted a licence to operate each IHG Hotel in accordance with the IHG Franchisor’s Brand System in connection with the operation of each IHG Hotel in exchange for fees, which includes, <i>inter alia</i>, the use of the service marks and trade marks “Crowne Plaza®”, “Holiday Inn®” and “Hotel Indigo™” under the Brand System.</p> <p>“IHG Hotel” means each of the following:</p> <ul style="list-style-type: none"> • Crowne Plaza Chester; • Crowne Plaza Glasgow; • Crowne Plaza Harrogate; • Crowne Plaza Nottingham; • Crowne Plaza Plymouth; • Crowne Plaza Solihull; • Crowne Plaza Stratford-Upon-Avon; • Holiday Inn Peterborough West; and • Hotel Indigo Liverpool. 	<p>In respect of each relevant Hotel other than Hotel Indigo Liverpool, 31 December 2031.</p> <p>In respect of Hotel Indigo Liverpool, 6 June 2031.</p>

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No.	Relevant Franchise Agreement	Summary of Franchise Rights	Expiry
3.	The Hotel Franchise Agreements between BPH Acquisition 2 Mailbox (UK) Limited and DTP Acquisition 2 Salford Limited (the “ Marriott Franchisees ” and each a “ Marriott Franchisee ”) and the Marriott Franchisor, each dated 17 November 2015 as amended, assigned and supplemented	<p>The Marriott Franchisees are granted a licence to operate each Marriott Hotel in accordance with the Marriott Franchisor’s Brand System in connection with the operation of each Marriott Hotel in exchange for fees, which includes, <i>inter alia</i>, the use of the trade marks “AC HOTELS”, “AC HOTELS BY MARRIOTT”, “AC HOTELS BY MARRIOTT & Design” and “AC” under the Brand System.</p> <p>“Marriott Hotel” means each of the following:</p> <ul style="list-style-type: none"> • AC Hotel by Marriott Birmingham; and • AC Hotel by Marriott Manchester Salford Quays. 	<p>In respect of the AC Hotel by Marriott Manchester Salford Quays, 1 May 2046.</p> <p>In respect of the AC Hotel by Marriott Birmingham, 8 May 2046.</p>

No significant changes in the Hotels may be made without prior approval of the relevant Franchisor and the relevant Target Group Companies are required to comply with the Brand Standards at all times. Failure to comply with the Brand Standards may amount to breach of the relevant Hotel Franchise Agreement. During the term of each licence, the relevant Target Group Companies are required to comply with certain obligations in respect of the operation and management of the relevant Hotel, and are subject to the control and oversight of the relevant Franchisor, including (a) the rights of the Franchisors to carry out compliance audits; (b) the rights of the Franchisors to receive periodic reports regarding the Hotels and their operations; (c) the rights of the Franchisors to change the Brand Standards, in accordance with which the Franchisees are required to operate the Hotels; and (d) the rights of the Franchisors to require improvement works be carried out to the Hotels, as described in more detail in Section 4.2 of this Target’s Letter to Shareholders titled “*Property improvements and capital expenditure*”.

Subject to the paragraph below, under certain Hotel Franchise Agreements each relevant Target Group Company is required to retain and exercise direct management and control of the business of the relevant Hotels at all times. Each relevant Target Group Company may grant leases, concession or enter into management agreements regarding ancillary parts of each Hotel branded by the relevant Franchisor to the extent that would not cause the relevant Hotel to breach the relevant Hotel Franchise Agreement or relevant Brand Standards. Such leases, concessions or management agreements must be approved by the relevant Franchisor, such approval not to be unreasonably withheld. Under some Hotel Franchise Agreements, a Target Group Company may also not grant any licence, lease or sub-lease of any commercial space in the relevant Hotel or enter into concessions or other arrangements in connection with the relevant Hotel without the relevant Franchisor’s consent.

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Hotel Franchise Fees

Under each Hotel Franchise Agreement, each relevant Target Group Company is required to pay to the relevant Franchisor the applicable hotel franchise fee (the “**Hotel Franchise Fees**”). Hotel Franchise Fees vary between Hotel Franchise Agreements and may comprise of multiple components, including:

- (a) royalty fees;
- (b) programme fees; and
- (c) other fees, including fees with respect to marketing, reservations, electronic programmes, rewards programmes, applicable sales and other tax and other services, commissions and contributions.

Royalty fee and programme fee components of Hotel Franchise Fees are generally calculated as a percentage of certain revenue streams of the relevant Target Group Companies including:

- (a) as a percentage of revenue derived from guest room rentals and sales, which may include for certain Hotel Franchise Agreements, without limitation (i) redemption of points or rewards under loyalty programmes; (ii) amounts attributable to breakfast where such is included as part of the rate on the guest’s room; (iii) package rates; (iv) revenue from no-show guests; (v) taxes paid in relation to room rentals; (vi) facility surcharges; (vii) early departure fees; and (viii) settlements or judgements representing payment for loss of room sales (“**Room Revenue**”);
- (b) as a percentage derived from all revenues and income of any kind from Hotel operation (including but not limited to the provision of services to guests or rental income from commercial space) other than Room Revenue (“**Non-Room Revenue**”);
or
- (c) as a combination of Room Revenue and Non-Room Revenue.

Certain components of Hotel Franchise Fees may be subject to automatic step-ups over time, the majority of which have now taken effect. Hotel Franchise Fees may also be subject to a contractual minimum amount under the relevant Hotel Franchise Agreements. Hotel Franchise Fees may be amended subject to the provisions of the relevant Hotel Franchise Agreements.

The amount of all fees paid by the relevant Target Group Companies to the Franchisors for the periods indicated are as follows:

Period	Aggregate total fees for Franchisors	Total fees for Franchisors as a percentage of revenue from the Hospitality Assets
FY2020	£1,504,490	3.40 per cent.
FY2021	£3,589,047	4.07 per cent.
FY2022	£5,349,879	4.15 per cent.
1H2023	£2,835,571	4.17 per cent.

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Termination

Each Hotel Franchise Agreement is terminable by the relevant Franchisor on various grounds, including non-payment, insolvency and insolvency proceedings, failure to comply with the Brand Standards and expropriation. In the event of such termination, the relevant Target Group Company may be required to pay a termination payment calculated in accordance with the terms of the relevant Hotel Franchise Agreement. Under certain Hotel Franchise Agreements, the relevant Target Company may also terminate without cause within a certain time frame by paying a termination fee to the relevant Franchisor.

These termination rights are subject to the terms of the relevant Direct Agreements. Please refer to Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings – The Direct Agreements*” for further information.

None of the Hotel Franchise Agreements contains a specific right or entitlement for the Franchisor to terminate the Hotel Franchise Agreements if there is an event of default under the Facility Agreements.

There have not been any past incidents of default and/or failure by the Franchisors to fulfil their obligations under the relevant Hotel Franchise Agreement.

Property improvements and capital expenditure

Each Hotel Franchise Agreement provides that the relevant Franchisor may require that the relevant Target Group Companies, at such Target Group Companies’ expense, upgrade and refurbish the relevant Hotel in accordance with the applicable standards or a property improvement plan. During the period of the COVID-19 pandemic, the Target Group took the opportunity to commence the upgrading of its Hotels in line with Brand Standards, including to implement the Cladding Programme and the Property Improvement Plan. The last major renovation carried out by the Target Group was the Cladding Programme which was completed in July 2023 at a total cost of approximately £22.4 million.

As of the date of this Circular, the Property Improvement Plan is still ongoing and is currently expected to be completed by end-August 2024⁹, at an aggregate cost in excess of £16.0 million – see Section 5.2 of the Target’s Letter to Shareholders, titled “*Competitive Strengths – The Target Company is well-positioned for monetisation post transformational capital expenditure*”. In addition, the Target Group is currently working on asset enhancement initiatives relating to the Room Additions, the Spa Enhancement and the Bedroom Refurbishment (each expected to be completed by the end of 2026), with a view to remaining competitive and creating new profit-generating areas within the Hotels, as described in more detail in Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths – Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment*”.

⁹ Please refer to Section 8.6 of this Target’s Letter to Shareholders titled “*Capital Expenditure and Divestments and Commitments – Capital Expenditure Plans*”.

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Transfer, sale and change of control

Each of the Hotel Franchise Agreements contains restrictions on transfers and other dispositions of the relevant Franchisee’s rights under such Hotel Franchise Agreement and the relevant Hotel and restrictions on both direct and indirect changes of control of the relevant Franchisee. The relevant Franchisor’s consent is required in circumstances amounting to a change of control under the relevant Hotel Franchise Agreement, and such Franchisor may impose certain conditions on its consent. In respect of certain Hotels, there are additional provisions relating to transfers and dispositions of interest in the relevant Hotel and/or Franchisee to affiliates of the relevant Franchisee¹⁰.

4.3 Sources of Business

Room revenue

The Target Group originates room revenues from various sources:

(a) Retail

The primary source of room revenue is retail guests or customers. The Target Group maintains an equal balance of leisure and business guests.

Leisure guests are not only drawn by tourism to cities such as Chester, Harrogate and Manchester, but also participate in events and conventions as many of the Hotels are strategically placed near large convention centres in different cities such as Arena Birmingham, National Exhibition Centre and the International Convention Centre (Birmingham), the Scottish Event Campus and OVO Hydro (Glasgow), ACC Liverpool (Liverpool), and Old Trafford (Manchester).

The Hotels also attract business guests who are generally individuals or small groups of staff from small businesses. The business guests are generally not subject to seasonality and are typically less sensitive to room rates, offering an important source of revenue diversification.

(i) Direct bookings

Guests may book rooms directly with the relevant Hotel through the relevant Hotel’s website or by contacting the Hotel directly.

(ii) OTAs

Guests may book rooms with OTAs such as Booking.com and Expedia.

(iii) Travel Agents

Guests may also book rooms through traditional travel agencies.

¹⁰ Save as disclosed above and in Section 13.3 of this Target’s Letter to Shareholders titled “*Present and Ongoing Interested Person Transactions – Deeds of Guarantee and Indemnity from DTGO Corporation*” relating to the relevant Franchisor’s right of termination of the relevant Hotel Franchise Agreements upon certain events occurring to DTGO Corporation, as the guarantor under the Guarantees, the other Hotel Operating Documents do not contain provisions which are tied to the shareholding stakes and/or financial condition of the controlling shareholders of the Target Group.

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(b) Corporate

The Target Group has secured contractual agreements with corporate clients or businesses for negotiated rates and terms for blocks of rooms. These corporate clients comprise companies in various industries (such as manufacturing, retail, healthcare, insurance, financial services, legal services etc.) and provide the Target Group with a steady and predictable revenue source as these terms are agreed in advance.

(c) Meetings, Incentives, Convention and Exhibitions (“MICE”)

The Target Group has a total of approximately 113,000 sq ft of meeting room and conference space, with an aggregate capacity for hosting up to 8,000 guests across its various Hospitality Assets. The largest room is the grand ballroom in Crowne Plaza Glasgow which can seat up to 800 people.

(d) Tours

The Target Group has ongoing arrangements in place with a number of tour operators to offer negotiated rates for a block of rooms such as for tour groups. These arrangements help to maintain occupancy rates and provide the Target Group with a steady and predictable revenue source as these terms are agreed in advance.

F&B revenue

A part of the Target Group’s revenue also comes from F&B sales within the Hospitality Assets, such as from room service and on-site restaurants and bars and other outlets in the Hospitality Assets. The Target Group has entered into restaurant branding and consultancy agreements under which the Target Group retains the licence to operate the Marco Pierre White Steakhouse Bar & Grill restaurants in Crowne Plaza Plymouth and Hotel Indigo Liverpool.

Other revenue

In addition to room revenue and F&B revenue, the Hospitality Assets feature recreational and wellness facilities which generate additional revenue. Some examples include spa and wellness services, retail and gift shops, ancillary services (laundry, car rental booking etc.), and parking and valet services.

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4.4 The Hotels

4.4.1 Information relating to the Hospitality Assets

Further information relating to the Hospitality Assets owned by the Target Group as at the Latest Practicable Date, including the relevant Franchisors, are set out below:

Hotel Name	Address	Tenure	Target Group Company which owns the Hospitality Asset	Franchisor	Keys	Market Segment	Unexpired Lease Term (years) ⁽¹⁾	GIA (sq ft)	Construction Year	Encumbrance
DoubleTree by Hilton Hotel & Spa Chester	Hoole Hall Country Club Warrington Road Hoole Chester	Freehold	Hoole Hall Country Club Limited	Hilton	219	Upscale	N/A	118,000	18th Century	Yes (please refer to Section 9.1 below)
DoubleTree by Hilton Leeds City Centre	Chester CH2 3PD Granary Wharf 2 Wharf Approach Leeds LS1 4BR	Part leasehold and part freehold	DTP Acquisition 1 Leeds Limited	Hilton	333 ⁽²⁾	Upscale	938 in respect of leasehold portion, N/A in respect of freehold portion	172,000 ⁽²⁾	2009	Yes (please refer to Section 9.1 below)
DoubleTree by Hilton Manchester Piccadilly	1 Auburn Street Manchester M1 3DG	Leasehold	DTP Acquisition 1 Manchester Limited	Hilton	285	Upscale	232	154,000	2007	Yes (please refer to Section 9.1 below)
Hilton Garden Inn Bristol City Centre	Temple Way Bristol BS1 6BF	Leasehold	DTP Acquisition 1 Bristol Limited	Hilton	171	Upscale	100	63,000	1999	Yes (please refer to Section 9.1 below)

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Hotel Name	Address	Tenure	Target Group Company which owns the Hospitality Asset	Franchisor	Keys	Market Segment	Unexpired Lease Term (years) ⁽¹⁾	GIA (sq ft)	Construction Year	Encumbrance
Hilton Garden Inn Birmingham Brindley Place	1 Brunswick Square Birmingham B1 2HW	Leasehold	DTP Acquisition 1 Birmingham Limited	Hilton	238	Upscale	116	130,000	2001	Yes (please refer to Section 9.1 below)
Hilton Garden Inn Glasgow City Centre	Finnieston Quay Glasgow G3 8HN	Freehold	DTP Acquisition 1 Glasgow Limited	Hilton	164	Upscale	N/A	68,000	2000	Yes (please refer to Section 9.1 below)
Crowne Plaza Chester	Trinity Street Cheshire CH1 2BD	Leasehold	DTP Property Trustee 1 Limited and DTP Trustee 2 Limited (holding on trust for Chester International Hotel Limited)	IHG	160	Upscale	93	199,000	1988	Yes (please refer to Section 9.1 below)
Crowne Plaza Glasgow	Congress Road Glasgow G3 8QT	Leasehold	DTP Property Trustee 1 Limited (on trust for Echo Hotel Limited)	IHG	283	Upscale	89	200,000	1989	Yes (please refer to Section 9.1 below)

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Hotel Name	Address	Tenure	Target Group Company which owns the Hospitality Asset	Franchisor	Keys	Market Segment	Unexpired Lease Term (years) ⁽¹⁾	GIA (sq ft)	Construction Year	Encumbrance
Crowne Plaza Harrogate	Kings Road Harrogate North Yorkshire HG1 1XX	Leasehold	DTP Property Trustee 1 Limited and DTP Property Trustee 2 Limited (holding on trust for The Harrogate International Hotel Limited)	IHG	214	Upscale	86	122,000	1984	Yes (please refer to Section 9.1 below)
Crowne Plaza Nottingham	Wollaton Street Nottinghamshire NG1 5RH	Part leasehold and part freehold	DTP Property Trustee 1 Limited and DTP Property Trustee 2 Limited (holding on trust for Five Star Inns Limited)	IHG	210 ⁽³⁾	Upscale	960 in respect of leasehold portion, N/A in respect of freehold portion	314,000 ⁽³⁾	1983	Yes (please refer to Section 9.1 below)

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Hotel Name	Address	Tenure	Target Group Company which owns the Hospitality Asset	Franchisor	Keys	Market Segment	Unexpired Lease Term (years) ⁽¹⁾	GIA (sq ft)	Construction Year	Encumbrance
Crowne Plaza Plymouth	Armada Way Plymouth Devon PL1 2HJ	Freehold	DTP Property Trustee 1 Limited and DTP Property Trustee 2 Limited (holding on trust for The Harrogate International Hotel Limited)	IHG	211	Upscale	N/A	257,000	1972	Yes (please refer to Section 9.1 below)
Crowne Plaza Solihull	61 Homer Road Solihull West Midlands B91 3QD	Leasehold	DTP Property Trustee 1 Limited and DTP Property Trustee 2 Limited (holding on trust for The Solihull Hotel Company Limited)	IHG	120	Upscale	92	124,000	1990	Yes (please refer to Section 9.1 below)

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Hotel Name	Address	Tenure	Target Group Company which owns the Hospitality Asset	Franchisor	Keys	Market Segment	Unexpired Lease Term (years) ⁽¹⁾	GIA (sq ft)	Construction Year	Encumbrance
Crowne Plaza Stratford-Upon-Avon	Bridge Foot Warwickshire CV37 6YR	Leasehold	DTP Property Trustee 1 Limited and DTP Property Trustee 2 Limited (holding on trust for Five Star Inns Limited)	IHG	259	Upscale	75	173,000	1972	Yes (please refer to Section 9.1 below)
Holiday Inn Peterborough West	Thorpe Wood Peterborough Cambridgeshire PE3 6SG	Leasehold	DTP Property Trustee 1 Limited and DTP Property Trustee 2 Limited (on trust for Five Star Inns Limited)	IHG	133	Upper Midscale	117	89,000	1981	Yes (please refer to Section 9.1 below)
Hotel Indigo Liverpool	14 and 16 Chapel Street and 4 Rumford Place Chapel Street Liverpool L3 9AG	Freehold	Chapel Street Hotel Limited	IHG	151	Upper Upscale	N/A	71,000	2011	Yes (please refer to Section 9.1 below)

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Hotel Name	Address	Tenure	Target Group Company which owns the Hospitality Asset	Franchisor	Keys	Market Segment	Unexpired Lease Term (years) ⁽¹⁾	GIA (sq ft)	Construction Year	Encumbrance
AC Hotel by Marriott Birmingham	The Mailbox 160 Wharfside Street Birmingham B1 1RL	Leasehold	DTP Acquisition 2 Mailbox (UK) Limited	Marriott	90	Upscale	107	47,000	2001	Yes (please refer to Section 9.1 below)
AC Hotel by Marriott Manchester Salford Quays	17-19 Trafford Road Salford M5 3AW	Leasehold	Lanos (Salford Quays) Limited	Marriott	142	Upscale	130	61,000	2008	Yes (please refer to Section 9.1 below)
Total					3,383			2.362 million		

Notes:

- (1) Unexpired lease term as of 2023.
- (2) All of the keys and GIA of the Hotel are on the freehold title land of the property.
- (3) All of the keys and GIA of the Hotel are on the leasehold title land of the property.

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4.4.2 Key operating statistics

The key operating statistics for the portfolio of Hospitality Assets by geographical segment for the Period Under Review are set out below.

Key performance indicator	England				Scotland			
	FY2020	FY2021	FY2022	1H2023	FY2020	FY2021	FY2022	1H2023
Occupancy ⁽¹⁾⁽²⁾	31.4%	51.5%	74.9%	78.9%	28.8%	46.7%	65.7%	71.0%
ADR ⁽³⁾ (£)	77.61	97.10	95.55	96.52	68.90	102.16	95.81	99.28
RevPAR ⁽⁴⁾ (£)	24.37	49.95	71.58	76.18	19.83	47.70	62.92	70.54
Total revenue (£'000)	39,093	76,215	112,546	59,070	5,124	11,933	16,253	8,877
Gross operating profit	(4,283)	15,770	25,073	14,873	(1,147)	3,250	3,468	2,094
Gross operating profit percentage	(11.0)%	20.7%	22.3%	25.2%	(22.4)%	27.2%	21.3% ⁽⁵⁾	23.6%

Notes:

- (1) The weighted average occupancy rates of the Target Group are in line with the industry in the United Kingdom and its competitors – *Source: The monthly STR Reports in respect of the Period Under Review.* STR Reports are reports from Smith Travel Research Inc. which is a hotel analytics company that is the recognised leader in hotel industry benchmarking and provides market data including supply and demand and market share information on a global scale. STR Reports are used by hotel owners as a benchmarking tool to compare hotel performance to a group of similar hotels (competitive set or CompSet). Smith Travel Research Inc. has not consented to the inclusion of the extracted information in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed New Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, none of the Proposed New Board, the Existing Directors, the Target Company, the Company and the Sponsor and Financial Adviser has independently verified the accuracy of the contents of the relevant information.
- (2) The overall weighted average occupancy of the portfolio of Hospitality Assets for FY2020, FY2021, FY2022 and 1H2023 is 31.1%, 50.8%, 73.7% and 77.9% respectively.
- (3) The overall weighted average ADR of the portfolio of Hospitality Assets for FY2020, FY2021, FY2022 and 1H2023 is £76.54, £97.72, £95.58 and £96.85 respectively.
- (4) The overall weighted average RevPAR of the portfolio of Hospitality Assets for FY2020, FY2021, FY2022 and 1H2023 is £23.77, £49.66, £70.44 and £75.44 respectively.
- (5) The decrease in gross operating profit percentage is due to an increase in hotel supply in Scotland which has reduced the overall RevPAR. Moreover, attendees for Scotland’s MICE industry has not return to pre-COVID-19 pandemic levels due to a lack of international delegates.

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4.4.3 Overview of Hotels



DoubleTree by Hilton Hotel & Spa Chester
Overview

Situated in 12 acres of landscaped grounds, the hotel is an 18th century manor house offering contemporary accommodation. The hotel attracts a variety of businesses, enjoying a market leading position as a MICE venue, popular for weddings and social events. The comprehensive leisure, conference and F&B facilities enable the hotel to appeal to a variety of markets and events, driving high revenue performance.

Location

The hotel is located two (2) miles from Chester city centre, closely located to Chester Zoo (the largest in the United Kingdom), Chester Cathedral and Chester’s historic city centre. Manchester Airport and Liverpool John Lennon Airport are both within 31 miles.

Facilities

- Garden room & terrace
- Spa & fitness centre, sauna, jacuzzi, pools
- Seven (7) meeting rooms totalling 7,212 sq ft, including the 3,089 sq ft ballroom
- Car park with 160 spaces



DoubleTree by Hilton Leeds City Centre
Overview

The hotel is situated on the waterside Granary Wharf area. The hotel is the largest full-service hotel in the Leeds city centre and has significant conference and F&B facilities (including the Sky Lounge bar on the 13th floor with views of the city). The contemporary styled rooms are each equipped with a 42-inch television, and a walk-in shower and complimentary WiFi.

Location

The hotel is located in the heart of Leeds city centre on the waterside Granary Wharf area, and is a seven (7) minute walk from the city’s main retail district. Bradford airport is only 12 miles from Leeds.

Facilities

- The Lock Kitchen & Bar, Sky Lounge
- Fitness studio, 24-hour fitness centre
- 19 meeting rooms totalling 9,257 sq ft spread on the 1st and 13th floors
- Car park with 44 spaces

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**DoubleTree by Hilton Manchester
Piccadilly**

Overview

The hotel is a style-led hotel located in Manchester city centre, with strong transport connections. The hotel offers a range of rooms and suites, and each room includes a flat-screen TV and floor to ceiling windows. Its location, facility mix and brand ensure that the hotel attracts a balanced mix of demand in a strong hotel market. With continued investment in the area, the hotel is well positioned to benefit from high growth prospects in the mid-to-long term.

Location

The hotel is located in the city centre with immediate proximity to Manchester Piccadilly Station near many commercial, retail and leisure attractions. Manchester Airport is situated 20 minutes from the hotel by car or by train.

Facilities

- Store Street Exchange and Store Street Craft Bar
- Fitness studio, 24-hour fitness centre
- 14 meeting rooms totalling 5,242 sq ft on the 1st floor
- Car park with 22 spaces



Hilton Garden Inn Bristol City Centre

Overview

The hotel is situated in Bristol’s main business district, five (5) minutes from Bristol Temple Meads Train station. The hotel provides an array of facilities for guests to benefit from, including a fitness centre, multiple dining options and a recess terrace.

Location

Located in Bristol’s main business district, the hotel is a short walk from Bristol’s popular shopping area, Cabot Circus. The hotel is a five (5) minute walk from Temple Meads Station, which has direct rail links to London, Cardiff and Bath.

Facilities

- Recess Lounge & Bar
- Fitness studio, 24-hour fitness centre
- Two (2) meeting rooms totalling 1,054 sq ft in the Recess Lounge & Bar
- Car park with 48 spaces

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Hilton Garden Inn Birmingham Brindley Place

Overview

The hotel is well-located in Birmingham’s prestigious Brindleyplace and is one of the closest hotels to Arena Birmingham. The hotel hosts two (2) outdoor terraces, a recess serving meals and Pavilion Pantry stocking travel essentials. Amenities at the hotel include a 24-hour business centre and a fitness centre that is open from 6am until 10pm.

Location

The hotel is located in Brindleyplace, a vibrant part of the city with multiple offices, F&B outlets and national venues such as the International Convention Centre and the National Indoor Arena. The hotel is close to New Street Station, the busiest train station outside of London, and Birmingham Airport, located six (6) miles east of the city centre, which is the seventh busiest airport in the United Kingdom.

Facilities

- Recess Lounge & Bar
- Fitness studio
- Seven (7) meeting rooms totalling 3,024 sq ft, including the 1,062 sq ft Gallery
- Car park with 65 spaces



Hilton Garden Inn Glasgow City Centre

Overview

The hotel is situated on the River Clyde with all day dining spaces and terraces making the most of the views. The hotel’s proximity to the Scottish Event Campus, one of Europe’s most popular convention centres, and the OVO Hydro indoor arena located within the Scottish Event Campus, means that it is well-positioned to capitalise on strong event periods and attract leisure market demand. The hotel is an excellent complement to Crowne Plaza Glasgow, offering a high-quality mid-market product to the larger and more upscale Crowne Plaza Glasgow. All 164 rooms include a 42-inch TV and power showers.

Location

The hotel enjoys a central location on the bank of the River Clyde, providing great views, and enjoys a strong corporate base. The hotel is located near the Scottish Event Campus (and the OVO Hydro). The M80 and M74 motorways, the train stations and Glasgow International Airport are all located near to the hotel.

Facilities

- Recess Restaurant and Terrace
- Fitness studio, 24-hour fitness centre
- Four (4) meeting rooms totalling 2,476 sq ft, including the 1,270 sq ft Finnieston Suite
- Car park with 140 spaces

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Crowne Plaza Chester

Overview

The hotel, located in the city centre, with panoramic views of the city and Welsh hills offers great access for tourists visiting all the historic sites of Chester. The hotel offers a luxury spa, complete with treatments, a pool, jacuzzi and a fitness centre. There are multiple dining options and 11 meeting rooms, the largest of which has a capacity of 600.

Location

The hotel is located in central Chester in close proximity to the city’s main transport links with good connectivity to Manchester and Liverpool via the M53 and M56. Manchester Airport and Liverpool John Lennon Airport are both within a 40-minute drive. Local attractions include Chester Cathedral, the Roman-built city walls, Chester Castle and Chester Racecourse.

Facilities

- Stables Restaurant and Stables Bar & Lounge
- Spa, fitness centre, swimming pool, jacuzzi and sauna
- 11 meeting rooms totalling 10,258 sq ft on the ground floor
- Car park with 80 spaces



Crowne Plaza Glasgow

Overview

The hotel is a modern and stylish hotel overlooking the River Clyde, with a covered walkway to the Scottish Event Campus (and the OVO Hydro). This enables the hotel to capitalise on strong event periods and attract leisure market demand. The hotel’s offerings make it an ideal fit for major conferences and exhibition organisers. The hotel has a swimming pool and a bar and lounge area.

Location

The hotel sits close to the heart of Glasgow’s central business district. The Scottish Event Campus (and the OVO Hydro) are immediately accessible from the hotel, with the airport located 15 minutes away by car. The hotel is also very well connected to the M8 highway and nearby railroads which have direct routes to London.

Facilities

- Mariner Restaurant, Quarterdeck Bar
- Club Motivation, gym, swimming pool
- 15 meeting rooms totalling 10,000 sq ft and a grand ballroom that can seat up to 800 people
- Car park with 300 spaces

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Crowne Plaza Harrogate

Overview

The hotel is located in the town centre adjoining the Harrogate International Convention Centre. The hotel has six (6) meeting rooms, with the largest room having a maximum capacity of 400. The hotel has a fully equipped gym, open plan lobby and multiple dining options for guests to choose from.

Location

The hotel enjoys a central location within Harrogate, situated less than a ten-minute walk to train stations that have direct links to Leeds, York and London. The hotel is directly linked to the Harrogate International Convention Centre.

Facilities

- Springs Restaurant, Springs Bar & Terrace
- Fitness centre, swimming pool, sauna and steam room
- Six (6) meeting rooms totalling 6,706 sq ft on the ground and 1st floors
- Car park with 183 spaces



Crowne Plaza Nottingham

Overview

The hotel is in the city centre near the government offices. The hotel offers events space for up to 400 delegates and 17 meeting rooms. The hotel also boasts a modern swimming pool, bars and a restaurant.

Location

The hotel is located near the Old Market Square, in the heart of Nottingham, benefiting from a variety of F&B outlets, cultural venues and entertainment offerings. Nottingham’s main train station is five (5) minutes from the hotel with direct links to London and other major cities in the United Kingdom. The M1 highway is easily accessible. HS2, a high-speed railway, is set to have a hub on the outskirts of the city.

Facilities

- Lace Maker Restaurant, Swatch B & Lounge, Lobby Lounge
- Urban Escape, a luxury gym and spa and a swimming pool
- 17 meeting rooms totalling 1,142 sq ft spread across three (3) different floors
- Car park with 600 spaces

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Crowne Plaza Plymouth

Overview

The hotel provides views across Plymouth harbour and over Cornwall. The hotel has multiple dining options including a Marco Pierre White Steakhouse Bar & Grill, six (6) meeting rooms totalling 7,100 sq ft, a ballroom and a swimming pool with views of Plymouth Hoe Park.

Location

The hotel is located directly adjacent to Plymouth Hoe Park overlooking the harbour and the English Channel. Local demand generators include the Royal Naval Dockyard, Plymouth Business Park and Plymouth University. The city has transport links to Exeter Airport (an international airport) and direct train services to London.

Facilities

- Marco Pierre White Steakhouse Bar & Grill, Lounge & Penthouse Bar
- Fitness club, swimming pool, sauna, mini gold course, tennis, squash, badminton and basketball courts and a soccer field
- Six (6) meeting rooms totalling 7,093 sq ft spread across three (3) different floors
- Car park with 135 spaces



Crowne Plaza Solihull

Overview

The hotel lies in quiet grounds in Solihull town centre. The hotel boasts a pool, fitness centre and recreational area. Hotel guests have multiple dining options including the terrace restaurant, bar and lounge.

Location

The hotel is located in the town of Solihull, on the edge of Birmingham, opposite the Touchwood shopping and entertainment complex. The hotel is surrounded by a multitude of local occupiers, golf and sports clubs, Solihull University, Solihull Hospital and the National Exhibition Centre, as well as multiple corporates, including Jaguar and Land Rover, hosting their headquarters nearby.

Facilities

- The Terrace Restaurant, Bar & Lounge
- Fitness & wellness centre, indoor swimming pool
- 12 meeting rooms totalling 4,930 sq ft spread across the ground and 1st floors
- Car park with 184 spaces

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Crowne Plaza Stratford-Upon-Avon

Overview

The hotel enjoys a prime central location in the historic city centre of Stratford-Upon-Avon, overlooking the River Avon bank. It is one of the largest hotels in an area where hotel development/acquisition opportunities are rare. This hotel boasts modern leisure club amenities including a pool and a jacuzzi with views of the River Avon. Its conference and meeting spaces were only recently renovated in 2016.

Location

The hotel enjoys a popular location beside the River Avon, a quick walk from the city centre, just off the M40 Motorway. The town has excellent connectivity with direct trains to both London and Birmingham. Stratford-Upon-Avon is situated 20 miles from Birmingham International Airport, the seventh busiest in the country.

Facilities

- Riverside Restaurant, Terrace Bar & Lounge
- Fitness centre, pool, jogging track, badminton court, mini golf course, boating and fishing at the River Avon
- 12 meeting rooms totalling 7,718 sq ft including the 6,017 sq ft grand ballroom
- On-site car park



Holiday Inn Peterborough West

Overview

Located in Peterborough, the hotel has free wireless internet and digital entertainment programming and provides free onsite parking.

Location

The hotel is directly located on the Thorpe Wood Golf Course and the Peterborough City Rowing Club course. It is close to the city centre, East of England Showground and East of England Arena and Events Centre. Birmingham International Airport and London Stansted are accessible within an hour via rail.

Facilities

- Restaurant, Bar & Lounge, Lobby Lounge
- Zula Beauty Sanctuary, complementary fitness centre, stationary bicycle, swimming pool and sauna
- 13 meeting rooms totalling 9,881 sq ft
- Car park with 250 spaces

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Hotel Indigo Liverpool

Overview

The hotel is located in the city centre. The hotel is designed to reflect the local culture, character and geography of the surrounding area. Hotel guests can take full advantage of the gym, Marco Pierre White Steakhouse Bar & Grill and the Cotton Lounge cocktail bar.

Location

The hotel is close to the city’s waterfront area, near the ACC Liverpool – one of the United Kingdom’s top convention centres, as well as Liverpool Lime Street Station.

Facilities

- Marco Pierre White Steakhouse Bar & Grill, The Cotton Lounge
- Fitness centre, exercise room



AC Hotel by Marriott Birmingham

Overview

The hotel is located within The Mailbox complex in Birmingham’s vibrant city centre. Bedrooms each feature a work desk and a 49-inch plasma screen TV. Some rooms have scenic canal views, and all rooms have a modern bathroom with a power shower.

Location

The hotel is located in the heart of Birmingham City Centre in a popular dining and shopping destination called The Mailbox. The International Convention Centre (ICC) and Arena Birmingham are close to the Hotel. The hotel is a short distance from New Street Station with Birmingham International Airport located just six (6) miles east of the city.

Facilities

- AC Lounge, Black Sheep Coffee
- Fitness studio, 24-hour fitness centre

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AC Hotel by Marriott Manchester Salford Quays

Overview

The hotel offers all guests complimentary Wi-Fi and flat-panel TVs. The AC Lounge also provides a perfect place for a drink.

Location

The hotel is located near MediaCityUK (home of the BBC) and is also located near Old Trafford (home to Manchester United) and the Trafford Centre. The Metrolink tramline connects the hotel to Manchester International Airport and Manchester Piccadilly Station.

Facilities

- AC Lounge & Kitchen
- Fitness studio and exercise area
- Four (4) meeting rooms totalling 2,390 sq ft, including the 1,180 sq ft AC Library

4.5 Sales and Marketing

Sales and marketing activities may be conducted:

- (a) by the Target Company and Valor for each Hotel; or
- (b) as part of a brand campaign.

Property-level Sales & Marketing

The Target Group develops sales and marketing plans customised for each individual Hotel on an annual basis. The plans form part of the hotel annual budget and are updated on an ongoing basis in response to any market changes. The sales and marketing activities are implemented and carried out by Valor, while the Target Group plans and oversees these sales and marketing activities.

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Such plans typically include:

(a) Target market and competitor analysis

To identify the primary demographics and psychographics of each Hotel’s target market (for example, to determine if guests visit the Hotel mainly for leisure or business) and the key competitors and unique selling proposition that sets the Hotel apart from competitors. For example, to attend key industry events to gain market intelligence.

(b) Market strategy

Market strategy refers to the efforts made to promote the brand consciousness and enhance the image of the Hotel in the long term and consists of online and offline market strategy and public relations. Online marketing includes strategies for search engine optimisation (SEO), content marketing, social media, email newsletters and paid advertisements on platforms like Google and Facebook. Examples of this include participation of the Hotels in the Expedia Co-op campaign to increase customer awareness and drive conversion over spring, summer and winter and monitoring TravelAd bids and campaigns in order to boost the visibility of the Hotels through sponsored listings. Offline marketing includes print ads, billboards, partnerships with local businesses or events hosting. Public relations involves getting featured in travel blogs or magazines, sending out press releases about new services or renovations, or using influencers for promotions.

(c) Sales strategy

Sales strategy refers to efforts made to make immediate revenue from the Hotels and involves partnering with travel agencies, offering discounts for direct bookings, upselling to existing customers, revisiting previous enquiries that were turned down or lost due to a lack of availability or revisiting cancelled groups and direct outreach to corporate clients, bookers, account managers or event planners. It also involves improving the internal processes to ensure that the Hotel is better able to respond to the needs of its customers, such as by improving the responses to enquiries and ensuring that rates are loaded correctly and can be booked. The sales and marketing strategy is reviewed and updated on an ongoing basis according to latest market trends and in response to any unforeseeable events. This ensures that the Hotels react quickly to market changes to capture revenue opportunities or take timely remedial actions.

Brand Campaigns

The Target Companies pay sales and marketing fees to the Franchisors and benefit from their global distribution and distribution networks and loyalty programmes. Such benefits include:

- brand campaigns aiming to promote the brand image and increase brand awareness globally;
- access to central reservation systems and global distribution networks of Marriott, Hilton, and IHG. The central reservation system receives reservation requests entered on terminals located at a large proportion of its reservation centres, as well as from global distribution systems operated by a number of major corporations and travel agents;

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- targeted database networking with top procurement accounts and participation in major consortia and travel management companies (TMC) programmes;
- preferred partnerships with regional relocation and distribution partners to grow market share, for example, Marriott, Hilton, and IHG have entered into global partnership agreements with OTAs whereby branded hotels will enjoy privileged commission rates compared to independent hotels;
- e-marketing, social media marketing and partnership marketing; and
- loyalty programmes:
 - IHG One Rewards, a loyalty programme for members making frequent bookings at IHG hotels worldwide, with more than 100 million loyalty members;
 - Marriott Bonvoy, with more than 160 million loyalty members; and
 - Hilton Honors, with more than 165 million loyalty members.

4.6 Major Customers, Business Partners and Suppliers

4.6.1 Major Customers

Due to the nature of the Target Group’s business, it does not have any major customers as the customers mainly comprise retail guests or customers who book directly through the relevant Hotel’s website or through online or traditional travel agencies. There are no individual customers who accounted for 5.0 per cent. or more of the total revenue of the Target Group in FY2020, FY2021, FY2022 and 1H2023.

As at the Latest Practicable Date, none of the Proposed New Board, Proposed New Executive Officers or substantial shareholders of the Target Group or their respective associates has any interest, direct or indirect, in or is involved in the management of any of the Target Group’s customers.

4.6.2 Major Business Partners

The following business partners accounted for 5.0 per cent. or more of the Target Group’s total cost of sales in FY2020, FY2021, FY2022 and 1H2023:

Partner	Type of Product/ Service Provided to Target Group	Cost of sales (%)			
		FY2020	FY2021	FY2022	1H2023
Valor Hospitality Europe Limited	Hotel management company	11.1	9.5	7.8	13.2
IHG Hotels Limited	Franchisor	6.9	9.0	8.9	8.6
Hilton Worldwide Manage Limited	Franchisor	11.8	9.5	10.8	7.1

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The Target Group also works with OTAs such as Booking.com and Expedia as the Hotels are listed on these websites, although it does not consider OTAs to be its business partners since the hotel brands directly hold the counterparty relationship with these OTAs.

To the best of the Proposed New Board’s knowledge and belief, it is not aware of any information or arrangement which would lead to the cessation or termination of the Target Group’s current relationship with any of its major business partners.

DTP Management Limited (a wholly-owned subsidiary of DTP, a controlling shareholder of the Company upon Closing) holds 25 per cent. of the share capital in Valor. Please refer to Section 4.2 of this Target’s Letter to Shareholders titled “*Business and Operations – Operating contract with Valor – Background on Valor*” for further information.

Save as disclosed above, as at the Latest Practicable Date, none of the Proposed New Board, Proposed New Executive Officers or substantial shareholders of the Target Group or their respective associates has any interest, direct or indirect, in or is involved in the management of the Target Group’s major business partners.

4.6.3 Major Suppliers

The following suppliers accounted for 5.0 per cent. or more of the Target Group’s total cost of sales in FY2020, FY2021, FY2022 and 1H2023:

Supplier	Type of Product/ Service Provided to Target Group	Cost of sales (%)			
		FY2020	FY2021	FY2022	1H2023
Atalian Servest Limited	Agency staff for housekeeping	7.3	8.7	10.8	10.1
NLP Ltd (trading as National Laundry Group)	Laundry Supplier	5.4	– ⁽¹⁾	6.3	6.5
BFS Group Limited (trading as Bidfood)	Food supplier	– ⁽¹⁾	5.5	6.2	7.2
Matthew Clark Bibendum Limited ⁽²⁾	Beverage supplier	– ⁽¹⁾	6.4	– ⁽¹⁾	– ⁽¹⁾
Enotria Winecellars Ltd ⁽²⁾	Beverage supplier	–	–	– ⁽¹⁾	5.7

Notes:

(1) Less than five (5) per cent. of cost of sales.

(2) The Target Group had changed its primary beverage supplier from Matthew Clark Bibendum Limited to Enotria Winecellars Ltd in late FY2022 due to better terms, product range and account management.

The Target Group is not materially dependent on any of its major suppliers as none of the purchases from any of the major suppliers in each of FY2020, FY2021, FY2022 and 1H2023 are material, and the products and services provided by the major suppliers are not specially customised or ordered by the Target Group, and the Target Group is able to easily source for alternative suppliers in the market should the need arise.

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To the best of the Proposed New Board’s knowledge and belief, they are not aware of any information or arrangement which would lead to the cessation or termination of the Target Group’s current relationship with any of its major suppliers.

As at the Latest Practicable Date, none of the Proposed New Board, Proposed New Executive Officers or substantial shareholders of the Target Group or their respective associates has any interest, direct or indirect, in or is involved in the management of the Target Group’s major suppliers.

4.7 Credit Policy

4.7.1 Credit Terms to Customers

Transactions at the Hotels are conducted through credit cards, debit cards, electronic payments and cash, whether upfront or at individual customers’ check out, and as such, have no credit terms. For transactions conducted through other means, the Target Group generally grants its customers credit terms of between 14 days to 60 days. The credit terms extended to its customers are on the Target Group’s standard terms.

To ensure timely payment, the Target Group has implemented standard guidelines for its finance and payroll administration departments with regard to the monitoring and collection of payment. Should payment remain outstanding from a customer beyond the credit terms granted, reminders will be sent to the customers for payment. At the same time, steps will be taken to discover the reason for the delay and pursue appropriate avenues including legal means to recover long outstanding amounts.

The following table sets forth the average trade receivables turnover days of the Target Group for FY2020, FY2021, FY2022 and 1H2023.

	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>1H2023</u>
Trade receivables’ turnover days ⁽¹⁾	17.0	6.5	8.2	8.2

Notes:

- (1) Trade receivables’ turnover days is computed as follows:

$$\frac{\text{Average trade receivables balances}}{\text{Revenue}} \times \text{Number of days}$$

Where:

“Average trade receivables balances” is based on the average of the opening and closing trade receivables balance for the relevant financial period; and

“Number of days” is defined as 365 days for FY2020, FY2021 and FY2022 respectively; and 185 days for 1H2023.

- (2) The trade receivables’ turnover days were higher in FY2020 as the Target Group had a number of debts still owing resulting from the COVID-19 pandemic which the Target Group provided in the bad debt but had not been settled, which increased the debtors’ days.

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Specific allowance or write-off is made when the Target Group is of the view that the collectability of an outstanding debt is highly improbable or the debt is uncollectible respectively. The Target Group has general policies in place for 100 per cent. bad debt provisions to be set aside in relation to trade receivables that have aged more than 60 days.

During the Period Under Review, there was no bad debt written off. The Target Group’s provisions for bad debts for FY2020, FY2021, FY2022 and 1H2023 were as follows:

	As at 31 December 2020⁽¹⁾	As at 31 December 2021⁽²⁾	As at 31 December 2022⁽³⁾	As at 30 June 2023⁽⁴⁾
Provisions for bad debts (£)	424,000	399,000	235,000	127,000

Notes:

- (1) As at 31 December 2020, £424,000 was provided for as bad debts, all of which has been received as at the Latest Practicable Date.
- (2) As at 31 December 2021, £399,000 was provided for as bad debts, all of which has been received as at the Latest Practicable Date.
- (3) As at 31 December 2022, £235,000 was provided for as bad debts, all of which has been received as at the Latest Practicable Date.
- (4) As at 30 June 2023, £127,000 was provided for as bad debts, of which £110,000 has been received as at the Latest Practicable Date.

As at the Latest Practicable Date, the Target Group had collected substantially all of the £3.0 million trade receivables which were outstanding as at 30 June 2023. Accordingly, the Target Group does not foresee difficulty in collecting the outstanding bad debts and outstanding trade receivables.

4.7.2 Credit Terms from Suppliers

Credit terms granted by the Target Group’s suppliers vary from supplier to supplier and are dependent, amongst other things, on its relationship with the particular supplier, the size of the purchases and the terms of the distribution agreement (if any). Generally, the timeframe for delivery of orders by suppliers of the Target Group is between three (3) and seven (7) days depending on the supply market situation. Delivery lead time is affected by global supply demand situation. Suppliers of the Target Group typically grant the Target Group credit terms of 30 days.

The following table sets forth the average trade payables turnover days of the Target Group for FY2020, FY2021, FY2022 and 1H2023.

	FY2020	FY2021	FY2022	1H2023
Trade payables’ turnover days⁽¹⁾	41.2	65.8	91.1	120.6

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Notes:

- (1) Trade payables’ turnover days is computed as follows:

$$\frac{\text{Average trade payables balances}}{\text{Cost of sales}} \times \text{Number of days}$$

Where:

“Average trade payables balances” is based on the average of the opening and closing trade payables balance for the relevant financial period; and

“Number of days” is defined as 365 days for FY2020, FY2021 and FY2022 respectively; and 185 days for 1H2023.

- (2) The increase in trade payables’ turnover days in 1H2023 was due to large annual invoices such as insurance and property rates that tend to be recorded in the month of June, and subsequently paid down in monthly instalments. This artificially increases the trade payables’ turnover days when compared to the full year. The increase in trade payables’ turnover days in 1H2023 was not due to any changes to the credit terms provided by creditors to the Target Group nor the liquidity situation of the Target Group.

4.8 Inventory Management

Due to the nature of its business, the Target Group does not maintain a high level of inventory. Inventory consists of consumables such as food and beverage, which are perishables with limited shelf life. Accordingly, it is not meaningful to calculate the inventory turnover days of the Target Group.

4.9 Business on Books

Due to the nature of the Target Group’s business, the Target Group does not maintain an order book. Instead, the Target Group has booking visibility with bookings made approximately three (3) months ahead of stays. As at the Latest Practicable Date, the Target Group has a business on books (“**BOB**”) occupancy with respect to the portfolio of Hospitality Assets of approximately 80.3 per cent. for stays in November 2023 and 58.3 per cent. for stays in December 2023 and 25.4 per cent. for stays in January 2024. Generally, these are subject to cancellation (with penalty), deferral or rescheduling by its customers. Due to the possibility of changes in schedules or cancellation of bookings, the Target Group’s BOB as of any particular date is not a guarantee of its occupancy for any succeeding period. The Target Group’s BOB for this period is also subject to seasonal fluctuations and may not be indicative of its BOB for the entire year. Please refer to Section 4.17 of this Target’s Letter to Shareholders titled “*Seasonality*” for further information.

4.10 Properties and Fixed Assets

Please refer to Section 4.4.1 of this Target’s Letter to Shareholders titled “*Information relating to the Hospitality Assets*” for further information on the Hospitality Assets owned (through freehold and/or leasehold interests) by the Target Group as at the Latest Practicable Date.

Other fixed assets of the Target Group comprise mainly fixtures, fittings and equipment. As at 30 June 2023, these other fixed assets had an aggregate net book value of approximately £37.6 million, or approximately 8.0 per cent. of the Target Group’s assets. Please refer to Section 8.4 of this Target’s Letter to Shareholders titled “*Review of Financial Position – As at 30 June 2023 – Non-current assets*” for further details.

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As at the Latest Practicable Date, save for the properties in which the Target Group has an interest in as disclosed above and certain fixtures, fittings and equipment, none of the Target Group’s properties or fixed assets was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowing.

4.11 Research and Development

Due to the nature of the Target Group’s business, the Target Group does not engage in any research and development activities. Accordingly, the Target Group did not have material expenditure on research and development activities in the Period Under Review.

4.12 Employees

The following table sets forth the breakdown of the permanent employees of the Target Group as at 31 December 2020, 2021 and 2022 and as at 30 June 2023 by function and geographic locations.

Function	As at 31 December			As at
	2020	2021	2022	30 June 2023
Management	18	19	18	18
Hotel operations	745	906	1,000	1,076
Sales	20	20	21	21
Administrative and bookkeeping	17	18	17	17
Finance	–	–	–	– ⁽¹⁾
Total	800^{(1),(2)}	963^{(1),(2)}	1,056^{(1),(2)}	1,132^{(1),(2)}

Geography	As at 31 December			As at
	2020	2021	2022	30 June 2023
United Kingdom	800	963	1,056	1,132
Thailand	–	–	–	– ⁽¹⁾
Total	800^{(1),(2)}	963^{(1),(2)}	1,056^{(1),(2)}	1,132^{(1),(2)}

Notes:

- (1) As of the date of this Circular, the Target Group has one (1) finance team staff, situated in Thailand, who had joined the Target Group in July 2023. The newly hired finance team staff has a Masters in Business Administration from MIT Sloan School of Management with a major in finance and is also a CFA Charterholder. She has over 10 years of finance-related work experience, including in investment-related businesses such as being fund manager at two (2) of the largest local asset management firms in Thailand. She was also previously an associate director at a private equity investment fund prior to joining the Target Group as a Senior Vice President.
- (2) The increase in the number of permanent employees from 31 December 2020 to 30 June 2023 reflects the direct impact of the COVID-19 pandemic on the business of the Target Group. In 2020, the Hotels were subject to periods of mandated closure by the United Kingdom’s Government between March and early July, and subject to several further restrictions over the subsequent months, including furlough and flexi furlough arrangements. The Target Company also completed a redundancy programme to align its headcount with a forecasted post COVID-19 trading level and worked with Valor to introduce a shared service centre for finance and human resources. The Hotel portfolio experienced a significant improvement in trade post the easing of restrictions in summer 2021, but the Target Group has not returned to its staffing levels pre-pandemic as it has benefited from improved efficiencies and the introduction of the shared service centre.

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In addition to the Target Group’s employees, the Target Group utilises workers sourced from third-party outsourcing agencies to carry out housekeeping and other cleaning services in some of its Hotels. The Target Group has no direct contractual relationships with these outsourced workers, and these workers are not under the Target Group’s payroll and permanent headcount. The Target Group’s contractual arrangements are entered into with the third-party outsourcing agencies, who are the employers of these outsourced workers.

None of the employees in the Target Group are unionised. The relationship and cooperation between the management and all the employees of the Target Group has been good. There has not been any incidents of work stoppages or material labour disputes. The Target Group recognises a “team member consultative committee” composed of employees, as a non-statutory employee forum. Valor, as hotel manager, meets with the “team member consultative committee” once per quarter and the committee is intended to act as a formal means of consultation and communication between the Target Company and its employees for the purposes of meeting any statutory collective consultation requirements (for example, for collective redundancy consultations under the laws of the United Kingdom). The committee’s member representatives are elected from different departments every two (2) years to represent colleagues in their department at meetings.

With respect to the Target Group’s finance team, in her role as Chief Financial Officer of the Company post-Closing, Ms. Vanida Traitodsaporn will work on building up the finance team. The Target Group has undertaken to the Sponsor that the Target Group will hire at least two (2) more qualified and competent accounting and/or finance executives on a full-time basis before Closing. In addition, it is contemplated that the Target Group will hire three (3) more of such accounting and/or finance executives after Closing, including an additional finance team staff responsible for accounting and bookkeeping. The role is currently being filled by an interim replacement and the Target Company is in the midst of recruiting a permanent replacement that will be employed by the Enlarged Group within three (3) months from Closing. The selection criteria of this finance staff is based on the following:

- (a) relevant educational and professional accounting/finance qualifications to prepare and review the financial statements in accordance with the IFRS;
- (b) familiarity with the Hotels to work effectively with the Valor team and external auditors; and
- (c) dedication and commitment to work for a listed company and ensure that the Catalyst Rules are complied with.

Accordingly, there will be three (3) types of staff reporting to Ms. Traitodsaporn, being financial accounting (financial reporting staff and audit/tax filing), management accounting (financial control staff, forecasting and risk management) and strategic finance/investor relations (performance analysis and investor presentations) amounting to a total of 23 finance staff reporting to Ms. Traitodsaporn and employed within the Enlarged Group.

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In consideration of the Target Group’s suitability to list on the SGX-ST, the Sponsor has considered Ms. Traitodsaporn’s qualifications and experience as the proposed Chief Financial Officer (see Section 11.3 of this Target’s Letter to Shareholders titled “*Proposed New Executive Officers*”) and the following considerations, and is of the view that the Target Group’s finance team is sufficiently staffed to oversee and undertake all necessary financing and reporting responsibilities expected of a listed company:

- (i) the scope of work of Valor, as the appointed hotel management company, includes, *inter alia*, the closing and preparation of management accounts for each Hotel and consolidated as part of the reporting pack to the Target Group;
- (ii) the Target Group’s finance team will focus on consolidation of the Target Company’s financials after receiving the reporting pack and budgeting for the yearly expenses (including payroll) at the Enlarged Group level;
- (iii) together with Valor, the Target Group’s finance team has been working closely with the professionals during the preparation of the Proposed Transactions; and
- (iv) the Target Group’s finance team will be attending training sessions to familiarise themselves with the SGX-ST listing rules and requirements.

4.13 Licences, Permits, Registrations and Approvals

As at the Latest Practicable Date, the Target Group has obtained the following material licences, permits and approvals in relation to its business:

No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
1.	AC Hotel by Marriott Birmingham Premises Licence	DTP Acquisition 2 Mailbox (UK) Ltd	Birmingham City Council	25 May 2023/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
2.	AC Hotel by Marriott Birmingham Food Standards Agency Registration and Rating	– ⁽²⁾	Birmingham City Council	Last inspection, 19 March 2022	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
3.	AC Hotel by Marriott Manchester Salford Quays Premises Licence	Lanos (Salford Quays) Limited	Salford City Council	19 May 2023/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
4.	AC Hotel by Marriott Manchester Salford Quays Food Standards Agency Registration and Rating	– ⁽²⁾	Salford City Council	Last inspection, 10 September 2019	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
5.	Crowne Plaza Chester Premises Licence	DTP Hospitality UK Limited	Cheshire West and Chester Council	17 April 2023/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
6.	Crowne Plaza Chester Marriage Certificate	Crowne Plaza Chester	Cheshire West and Chester Council	18 August 2022/8 April 2026	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
7.	Crowne Plaza Chester Food Standards Agency Registration and Rating	– ⁽²⁾	Cheshire West and Chester Council	Last inspection, 23 March 2022	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
8.	Crowne Plaza Harrogate Premises Licence	DTP Hospitality UK Limited	Harrogate Borough Council	5 September 2005/indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
9.	Crowne Plaza Harrogate Food Standards Agency Registration and Rating	– ⁽²⁾	North Yorkshire Council	Last inspection, 31 January 2019	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
10.	Crowne Plaza Nottingham Premises Licence	DTP Hospitality UK Limited	Nottingham City Council	3 July 2009/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
11.	Crowne Plaza Nottingham Marriage Certificate	Peter Gregory ⁽⁶⁾ (Designated Premises Supervisor under Premises Licence)	Nottingham City Council	5 January 2022/ 5 January 2025	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
12.	Crowne Plaza Nottingham Food Standards Agency Registration and Rating	– ⁽²⁾	Nottingham City Council	Last inspection, 28 January 2023	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
13.	Crowne Plaza, Plymouth Premises Licence	DTP Hospitality UK Limited	Plymouth City Council	Unknown/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
14.	Crowne Plaza Plymouth Marriage Certificate	Crowne Plaza Plymouth	Plymouth City Council	10 August 2023/ 10 August 2026	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
15.	Crowne Plaza Plymouth Food Standards Agency Registration and Rating	— ⁽²⁾	Plymouth City Council	Last inspection, 11 June 2019	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
16.	Crowne Plaza Solihull Premises Licence	DTP Hospitality UK Limited	Solihull Borough Council	21 April 2023/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
17.	Crowne Plaza Solihull Marriage Certificate	John Rothwell ⁽⁶⁾ (Designated Premises Supervisor under Premises Licence)	Solihull Borough Council	Unknown/ 20 September 2025	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
18.	Crowne Plaza Solihull Food Standards Agency Registration and Rating	— ⁽²⁾	Solihull Metropolitan Borough Council	Last inspection, 10 May 2021	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
19.	Crowne Plaza Stratford-Upon- Avon Premises Licence	DTP Hospitality UK Limited	Stratford on Avon District Council	16 December 2021/indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
20.	Crowne Plaza Stratford-Upon- Avon Marriage Certificate	DTP Hospitality UK Limited	Warwickshire County Council	28 February 2021/28 February 2024 ⁽⁷⁾	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
21.	Crowne Plaza Stratford-Upon- Avon Food Standards Agency Registration and Rating	– ⁽²⁾	Stratford-on- Avon District Council	Last inspection, 6 May 2022	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
22.	Crowne Plaza Glasgow Premises Licence	DTP Hospitality UK Limited	City of Glasgow Licensing Board	1 September 2009/indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
23.	Crowne Plaza Glasgow Food Standards Agency Registration and Rating	– ⁽²⁾	Glasgow City Council	Last inspection, 14 April 2023	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
24.	Holiday Inn Peterborough West Premises Licence	DTP Hospitality UK Limited	Peterborough City Council	Unknown/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
25.	Holiday Inn Peterborough West Marriage Certificate	DTP Hospitality UK Limited	Peterborough City Council	16 December 2022/6 January 2026	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
26.	Holiday Inn Peterborough West Food Standards Agency Registration and Rating	– ⁽²⁾	Peterborough City Council	Last inspection, 18 October 2022	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
27.	Hotel Indigo Liverpool Premises Licence	Chapel Street Hotel Limited	Liverpool City Council	Unknown/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
28.	Hotel Indigo Liverpool Food Standards Agency Registration and Rating	– ⁽²⁾	Liverpool City Council	Last inspection, 18 April 2023	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
29.	DoubleTree by Hilton Hotel & Spa Chester Premises Licence	DTP Hospitality UK Limited	Cheshire West and Chester	Unknown/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
30.	DoubleTree by Hilton Hotel & Spa Chester Marriage Certificate	DoubleTree by Hilton Chester Responsible person: Andrew Fletcher ⁽⁶⁾	Cheshire West and Chester	11 July 2023/ 30 September 2026	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
31.	DoubleTree by Hilton Hotel & Spa Chester Food Standards Agency Registration and Rating	– ⁽²⁾	Cheshire West and Chester Council	Last inspection, 22 March 2023	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
32.	DoubleTree by Hilton Leeds City Centre Premises Licence	DTP Acquisition 1 Leeds Limited	Leeds City Council	21 September 2006/indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
33.	DoubleTree by Hilton Leeds City Centre Marriage Certificate	DTP Acquisition 1 Leeds Limited	Leeds City Council	11 October 2021/17 May 2025	Authorisation of premises for the solemnisation of marriages and the registration of civil partnerships ⁽⁵⁾
34.	DoubleTree by Hilton Leeds City Centre Food Standards Agency Registration and Rating	– ⁽²⁾	Leeds City Council	Last inspection, 5 March 2020	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
35.	DoubleTree by Hilton Manchester Piccadilly Premises Licence	DTP Acquisition 1 Manchester Limited	Manchester City Council	23 February 2006/indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
36.	DoubleTree by Hilton Manchester Piccadilly Food Standards Agency Registration and Rating	– ⁽²⁾	Manchester City Council	Last inspection, 5 April 2022	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
37.	Hilton Garden Inn Birmingham Brindley Place Premises Licence	DTP Acquisition 1 Birmingham Limited	Birmingham City Council	25 May 2023/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
38.	Hilton Garden Inn Birmingham Brindley Place Food Standards Agency Registration and Rating	– ⁽²⁾	Birmingham City Council	Last inspection, 20 March 2019	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾
39.	Hilton Garden Inn Bristol City Centre Premises Licence	DTP Acquisition 1 Bristol Limited	Bristol City Council	12 May 2011/ indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
40.	Hilton Garden Inn Bristol City Centre Food Standards Agency Registration and Rating	– ⁽²⁾	Bristol City Council	Last inspection, 7 June 2023	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾

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No	Licence/ Registration	Licence Holder	Issuing Authority	Start Date/ Date of Expiry or Date of Last Inspection	Purpose
41.	Hilton Garden Inn Glasgow City Centre Premises Licence	DTP Acquisition 1 Glasgow Limited	City of Glasgow Licensing Board	1 September 2009/indefinite ⁽¹⁾	Licence for the sale of alcohol and provision of late-night refreshments and regulated entertainment ⁽³⁾
42.	Hilton Garden Inn Glasgow City Centre Food Standards Agency Registration and Rating	– ⁽²⁾	Glasgow City Council	Last inspection, 28 April 2023	Registration of premises for preparing, cooking, storing, handling, distributing, supplying or selling food ⁽⁴⁾

Notes:

- (1) Provided that the relevant licence fee is paid, this licence will continue indefinitely. Valor has confirmed that the payments are up to date.
- (2) A search of the address of each Hotel conducted at <https://ratings.food.gov.uk/default/en-GB> indicates the Hotels are registered with the Food Standards Agency, but does not reveal details of the entity which has made the relevant registration.
- (3) For further information, please refer to Appendix H of this Circular titled “*Overview of Relevant Laws and Regulations in England and Scotland – Premises Licensing Regime*”.
- (4) For further information, please refer to Appendix H of this Circular titled “*Overview of Relevant Laws and Regulations in England and Scotland – Food Business Registrations*”.
- (5) For further information, please refer to Appendix H of this Circular titled “*Overview of Relevant Laws and Regulations in England and Scotland – Marriage Certificates Requirements*”.
- (6) This Marriage Certificate is held by an individual employed by the Target Group, as it is the practice of the relevant local authority responsible for issuing this certificate to issue certificates to individuals rather than entities or hotels.
- (7) An offer letter in connection with the approval of the renewal of the Marriage Certificate for Crowne Plaza Stratford-Upon-Avon was issued by Warwickshire County Council on 5 October 2023, but the new Marriage Certificate will not be issued until February 2024, closer to the date of expiry of the current Marriage Certificate.

As at the Latest Practicable Date, based on the corresponding confirmation received from Valor, the Target Group confirms that it has all necessary material licences and permits for its business operations.

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4.14 Environmental, Health and Safety

Compliance with relevant environmental, health and safety laws and regulations

The Target Group has a robust system in place that ensures that all environmental, health and safety items that are required to be maintained and/or certified by the relevant laws and regulations of England and Scotland are met. For further information on such relevant laws and regulations, please refer to Section 4.18 of this Target’s Letter to Shareholders and Appendix H of this Circular titled “*Overview of Relevant Laws and Regulations*” and “*Overview of Relevant Laws and Regulations in England and Scotland*” respectively.

In its role as manager under the Valor Management Agreement, Valor is responsible for (amongst other things) the compliance and registration of all material licences and permits for the Target Group’s business operations. To ensure that all items are covered and to monitor the dates of expiry, Valor uses a software portal (the “**Licensing and Permits Software**”) supplied by a third party, Shield (H&S) Advisors. This Licensing and Permits Software helps the Target Group to remain fully compliant with any relevant environmental, health and safety laws and regulations and is visible for the respective area teams to monitor.

This Licensing and Permits Software ensures all items required to be maintained and/or certified are monitored and the relevant timeframes notified in advance to the relevant members of the Target Group and Valor. The Licensing and Permits Software notes previous entry dates and automatically emails the relevant Hotel in advance of any anniversary date, to ensure that all visits are carried out in good time.

As soon as any certification and/or report is received, the certification and/or report is then uploaded to the Licensing and Permits Software, so that it is held securely and is always available. Any improvements, remedials or failures from any such visit by a senior Valor Operations Director or random inspection are recorded and actioned immediately, to ensure compliance. The full details are kept safely on site and on the Target Group’s central database.

In addition to providing the Licensing and Permits Software, Shield (H&S) Advisors assists the Target Group with developing and updating its internal policies and procedures for compliance with the relevant environmental, health and safety laws and regulations and conducts on-site audits to ensure compliance with such internal policies and procedures.

Every six (6) weeks, Shield (H&S) Advisors will give a presentation to the Valor Senior Health and Safety Committee comprising Valor’s senior executives. The minutes and presentation slides are thereafter shared with all the Hotels and staff of Valor. Compliance with the relevant environmental laws and regulations is also discussed in the monthly hotel health and safety meetings with the general managers for each Hotel.

Valor also engages a third-party health and safety consultant, JSM Safety Solutions, as an additional adviser on workplace safety (including fire safety). Its responsibilities include overseeing fire compliance risk, training the relevant staff and contractors in relation to health and safety at workplaces and ensuring that internal policies and procedures for compliance with fire safety laws and regulations are aligned with the internal policies and procedures suggested by Shield (H&S) Advisors.

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Sustainable innovation through ESG principles

The Target Group utilises ESG benchmarks to evaluate its potential investments as part of its corporate policies. Please refer to Section 4.2 of this Target’s Letter to Shareholders titled “*Business and Operations – Ownership and Investment Focus – Investment Focus and Criteria*”.

Capital expenditure: CHP units

As part of the Target Group’s various capital expenditure projects to increase the operational efficiency and value of the Hospitality Assets, the Target Group has reduced its electricity demands through the implementation of combined heat and power (“**CHP**”) units in 11 out of 17 of its Hospitality Assets. Please refer to Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths – The Target Company is well-positioned for monetisation post transformational capital expenditure*” for further information.

4.15 Insurance

The Valor Management Agreement requires a minimum level of insurance to be maintained in a manner consistent with the terms and conditions of the Facility Agreements and the Hotel Franchise Agreements. As owner, the Target Group is responsible for maintaining insurance in a manner consistent with the relevant agreements.

As at the Latest Practicable Date, the Target Group has taken out insurance coverage in respect of, amongst others, (i) property damage, money & assault, and business interruption; (ii) computers; (iii) casualty and excess casualty; (iv) terrorism; (v) engineering inspection; (vi) crime; and (vii) motor. There are however, certain types of risks that are not covered by such insurance policies, including acts of war and outbreaks of contagious diseases.

The Target Company is of the view that the insurance coverage from the above insurance policies is adequate for the existing business and operations of the Target Group and is in line with industry practice. The Target Company will review and procure the necessary additional insurance coverage as and when the need arises. However, significant disruption to the operations or damage to the Target Group’s properties or assets, whether as a result of fire and/or other causes, may still have a material adverse impact on its results of operations or financial condition. There is no assurance that the Target Group’s insurance coverage will continue to be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage will always be available at acceptable commercial rates. Please refer to Section 17 of this Circular titled “*Risk Factors – Risks Relating to the Target Group’s Business – The Target Group’s insurance policies cover all reasonable risks but may not be adequate or comprehensive*”.

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4.16 Corporate Social Responsibility

As part of the Target Group’s corporate social responsibility initiative, it undertakes various community work projects and supports various charitable organisations. This includes the following:

(a) Embassy Village

Established in 2017, Embassy Village is a Manchester based charity which provides safe, secure homes for people who are homeless or at the risk of being homeless with in-house start to end support and routes into work. Vulnerable people are housed and then surrounded by the support and training they need to break the cycle of homelessness.

In 2022, the Target Group donated £35,000 to purchase a 2-bed property in Greater Manchester which would be used to accommodate women who find themselves homeless. The Target Group has partnered with Embassy Village for DoubleTree by Hilton Manchester Piccadilly to employ two (2) of its residents as a key part of their life-changing resettlement.

(b) Let’s Feed Brum

Established in 2016, Let’s Feed Brum is a Birmingham-based charity which aims to bridge the gap between commissioned services and people on the streets through befriending. Volunteers provide food and clothing donations, while connecting with people who are homeless, helping to signpost them to the relevant services across the city, encouraging them along the way.

In 2022, the Target Group donated £35,000 to the charity to provide emergency safe accommodation for a maximum of eight (8) weeks and to provide ongoing mental health support training.

(c) Help 4 the Homeless (“H4TH”)

Based in Glasgow, H4TH is a voluntary non-profit group who help the homeless community through providing hot meals and snacks, clothes, bedding and basic toiletries free of charge to those that need it, relying on the donations made by volunteers and the public.

In 2022, the Target Group donated £35,000 to H4TH to provide food and warm clothing to beneficiaries of the charity, as well as to purchase equipment, containers and fuel to support the soup kitchen. The donation will also go towards a used van to enable H4TH to deliver food, warm clothing and ‘home starter kits’ to more people throughout the city.

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4.17 Seasonality

The sales performance of the Target Group is subject to seasonal fluctuations. The Target Group typically records its highest sales from May to July and September to November due to them being strong commercial months with high corporate and conference and events business. The Target Group typically experiences its shoulder seasons in March, August and December where the conference and events business is still good but corporate volume is affected by the holiday seasons such as Christmas and New Years. The Target Group experiences its low seasons during January, February and April as these months have limited corporate and conference and events business.

4.18 Overview of Relevant Laws and Regulations

Please see Appendix H of this Circular titled “*Overview of Relevant Laws and Regulations in England and Scotland*” for more details on the various laws and regulations applicable to the Target Group’s business in England and Scotland.

The laws and regulations set out in Appendix H of this Circular are not exhaustive, are qualified in their entirety by reference to the laws and regulations of the relevant jurisdiction and are only intended to provide some general information to the investors and are neither designed nor intended to be a substitute for professional advice. Shareholders and prospective investors should consult their own advisers regarding the implication of these laws and regulations on the Target Group.

As at the Latest Practicable Date, the Proposed New Board believes that the Target Group has obtained all requisite approvals and is in compliance with the laws and regulations that would materially affect the Target Group’s business operations.

In view of the various laws and regulations applicable to the Target Group’s business as well as the potential risks arising from failure to comply with such laws and regulations (see for example, the risks highlighted in Section 17 of this Circular titled “*Risk Factors*” under the headings “*Health and safety incidents, including those relating to fire safety and food safety, may have a material adverse effect on the Target Group’s brands, business, financial condition, results of operations and prospects*”, “*The Target Group is subject to increasingly stringent health, safety and environmental regulations, which could result in increased costs and fines, as well as the potential for reputational damage*”, “*Failure to comply with existing regulations, or the introduction of changes to existing laws and regulations, could have a material adverse effect on the Target Group’s business, financial condition, results of operations and prospects*” and “*Failure to comply with employment laws and regulations, including those relating to immigration, may adversely affect the business*”), the Target Group has a process in place of engaging an international law firm to assist in monitoring regulatory changes to ensure the Target Group’s compliance with applicable laws and regulations.

5. COMPETITION AND COMPETITIVE STRENGTHS

5.1 Competition

The Target Company operates in the highly competitive hospitality business in the United Kingdom, which is shaped by various factors including economic conditions, the level of market saturation, demand for hotel rooms, demographic changes, and tourism trends. The Target Company believes that it competes on various factors, such as quality of

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service, customer experience, array of amenities and facilities, and attractiveness of pricing. Each Hotel under the Target Group’s portfolio faces competition predominantly from other comparable establishments, predominantly in the upscale market segment, situated in close proximity to its location.

As at the Latest Practicable Date, none of the Proposed New Board or Proposed New Executive Officers or their respective associates has any interest, direct or indirect, in, and/or is involved in the management of, any potential competitor of the Target Company.

The following table sets out some of the direct competitors of each Hotel in the United Kingdom:

Hotel	Competitors
DoubleTree by Hilton Hotel & Spa Chester	The Queen at Chester BW Premier Collection; Abode Chester; Hotel Indigo Chester; Leonardo Hotel Chester
DoubleTree by Hilton Leeds City Centre	Marriott Leeds Hotel; The Queens Hotel; Hilton Leeds City Hotel; Novotel Leeds Centre; Leonardo Hotel Leeds; Clayton Hotel Leeds
DoubleTree by Hilton Manchester Piccadilly	Malmaison Manchester; Manchester Piccadilly Hotel; Crowne Plaza Manchester City Centre; Holiday Inn Manchester City Centre
Hilton Garden Inn Bristol City Centre	Delta Hotels Bristol City Centre; Novotel Bristol Centre; DoubleTree by Hilton Hotel Bristol City Centre; Mercure Bristol Holland House; Holiday Inn Bristol City Centre
Hilton Garden Inn Birmingham Brindley Place	Crowne Plaza Hotel Birmingham City Centre; Novotel Birmingham Centre; Leonardo Royal Hotel Birmingham; Park Regis Birmingham
Hilton Garden Inn Glasgow City Centre	Premier Inn Glasgow Pacific Quay SECC Hotel; Village Hotel Hotel Glasgow; Radisson RED Hotel Glasgow; Courtyard by Marriott Glasgow SEC; MOXY Glasgow SEC
Crowne Plaza Chester	The Queen at Chester BW Premier Collection; Macdonald New Blossoms Hotel; Abode Chester; Hotel Indigo Chester; MOXY Chester
Crowne Plaza Glasgow	Marriott Glasgow Hotel; Hilton Glasgow Hotel; DoubleTree by Hilton Hotel Glasgow Central; Leonardo Hotel Glasgow; Hilton Garden Inn Glasgow City Centre

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Hotel	Competitors
Crowne Plaza Harrogate	DoubleTree by Hilton Harrogate Majestic Hotel & Spa; Old Swan Hotel; The Crown Hotel Harrogate; Travelodge Harrogate Hotel; Premier Inn Harrogate Town Centre
Crowne Plaza Nottingham	Mercure Nottingham City Centre George Hotel; Hilton Nottingham Hotel; DoubleTree by Hilton Hotel Nottingham Gateway; Park Plaza Nottingham; Leonardo Hotel Nottingham
Crowne Plaza Plymouth	Duke Of Cornwall Hotel; Copthorne Plymouth; Premier Inn Plymouth City Centre Lockyers Quay; Premier Inn Plymouth East; Premier Inn Plymouth City Centre Sutton Harbour; Leonardo Hotel Plymouth
Crowne Plaza Solihull	Premier Inn Solihull Town Centre; voco St Johns Solihull; Travelodge Solihull; Premier Inn Solihull South M42; Village Hotel Solihull
Crowne Plaza Stratford-Upon-Avon	DoubleTree by Hilton Hotel Stratford-Upon-Avon; Stratford Manor Hotel; Macdonald Alveston Manor; Mercure Stratford Upon Avon; Shakespeare Hotel; Delta Hotels by Marriott Warwick; The Welcombe Hotel BW Premier Collection, The Grosvenor Hotel Stratford-Upon-Avon; Travelodge Stratford Upon Avon
Holiday Inn Peterborough West	Delta Hotels Peterborough; Orton Hall Hotel & Spa; Dragonfly Hotel Peterborough; Holiday Inn Express Peterborough; Park Inn by Radisson Peterborough
Hotel Indigo Liverpool	Mercure Liverpool Atlantic Tower Hotel; Radisson Blu Liverpool; Malmaison Liverpool; Hard Days Night Hotel; Novotel Liverpool; Aloft Hotel Liverpool
AC Hotel by Marriott Birmingham	Delta Hotels Birmingham; Hotel du Vin Birmingham; Malmaison Birmingham; Radisson Blu Hotel Birmingham; Penta Hotel Birmingham; Cube Hotel Birmingham
AC Hotel by Marriott Manchester Salford Quays	Copthorne Manchester; Holiday Inn Express Manchester Salford Quays; Holiday Inn Manchester MediaCityUK; Hotel Football, Old Trafford, A Tribute Portfolio Hotel

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5.2 Competitive Strengths

The Target Group believes that it is able to compete effectively due to the following competitive strengths:

The Target Group is anchored by 17 strong performing hotels across the United Kingdom and is managed by a best-in-class hotel operator with a proven track record of superior performance

Presently, the Target Group boasts a portfolio of 17 Hospitality Assets offering a total of 3,383 keys and is well represented geographically across the United Kingdom. The Hospitality Assets are located in key regional cities and strong secondary markets such as Manchester, Leeds, Birmingham, Liverpool and Glasgow. The Hospitality Assets are operated under franchise agreements with renowned international hotel brands (IHG, Hilton and Marriott franchises), which through strong brand recognition, loyalty programmes and marketing initiatives drive strong business and a loyal customer base.

According to data compiled by STR, the hospitality industry’s standard for performance benchmarking, the Hospitality Assets recorded Occupancy Index, Average Rate Index and RevPAR Index of 110.4, 104.9 and 115.8 respectively in FY2022 and 110.7, 104.2, 115.4 respectively for the period from January 2023 to September 2023¹¹. The strong historical performance of the Hospitality Assets is indicated by the respective indices for the Hospitality Assets being greater than 100, which demonstrates that the Hospitality Assets have outperformed their competitive set.

The Target Group has appointed Valor to manage the day-to-day operations of the Hotels and provide asset management and strategic, management and operational services and project management services in respect of the portfolio of Hospitality Assets. Valor is one of the leading hotel operators globally, led by an executive team which has many years of experience in the hotel industry, including experience in managing international and multi-brand hotel portfolios. Valor has also established a credible and respected reputation from hotel owners for its operational ability in terms of running of hotels and looking after hotel guests, as evidenced by the Hospitality Asset portfolio that has received numerous accolades under their management¹².

The Target Group has been financially resilient during COVID-19

The Target Group had purchased the portfolio of Hospitality Assets just two (2) months before the outbreak of the COVID-19 pandemic and has been financially resilient even during the economic downturn caused by the unprecedented pandemic.

11 Source: The monthly STR Reports in respect of the period from January 2023 to September 2023. Smith Travel Research Inc. has not consented to the inclusion of the extracted information in this Circular for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed New Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, none of the Proposed New Board, the Existing Directors, the Target Company, the Company and the Sponsor and Financial Adviser has independently verified the accuracy of the contents of the relevant information.

12 Source: Valor, found in (<https://valorhospitality.com/awards/>) as extracted on 26 July 2023.

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During the COVID-19 lockdown, the Target Group retained all its hotel employees without a single layoff and continued to make its obligatory payments on a timely basis, thereby ensuring that the Hospitality Assets were ready to open as soon as such restrictions were lifted by the United Kingdom Government and resume normal operations as soon as the country opened for travel. The Target Group is committed to conducting business in a sustainable way while also focusing on social and environmental care.

The Company will have a highly experienced and competent management team following Closing

The Company’s proposed management team following Closing possesses deep industry experience and key business relationships globally. Mr. Iqbal Jumabhoy, the proposed Chief Executive Officer and Executive Director of the Enlarged Group, has served as the chief executive officer of companies in the hospitality and real estate development industry such as the Encorp Group, the WIRE Group and Rendezvous Hospitality Group Pte. Ltd.. Ms. Vanida Traitodsaporn, the proposed Chief Financial Officer of the Enlarged Group, has been the accounting executive vice president of DTGO Corporation since 2016 and has previously served as an audit associate director of RSM Audit Services (Thailand) Limited. Mr. Surawat Suwanyangyuen, the proposed Chief Investment Officer of the Enlarged Group, was previously a director of several private and public companies such as Alpha Capital Partners Group Co., Ltd., Wireless Asset Management Co., Ltd. and Siamese Asset Public Co., Ltd. (listed on the Stock Exchange of Thailand (the “SET”)).

The aforementioned key personnel are committed to the development of the Target Group’s business and leveraging on their extensive experience, they, together with Valor as a major business partner, will continue to drive the future growth of the Target Group. They will also be supported by an experienced and dedicated finance team.

The Target Company is well-positioned for monetisation post transformational capital expenditure

Since the acquisition of the Hospitality Assets in 2019, the Target Group has undertaken various capital expenditure projects to increase the operational efficiency and value of the Hospitality Assets.

Between 2021 and 2023, the Target Group invested approximately £22.4 million to implement a series of renovation projects to replace the material of the external covering or façade of certain of its Hospitality Assets (the “**Cladding Programme**”). Following the Grenfell Tower tragedy on 14 June 2017 at a local authority residential tower, there has been a United Kingdom-wide review of cladding affixed to residential tower blocks and fire safety procedures in tall buildings. In order to bring the Hospitality Assets, which the Target Group had acquired in 2019 fully into compliance with prevailing fire safety regulations (including the Building Safety Act 2022 (please refer to Appendix H of this Circular titled “*Overview of Relevant Laws and Regulations in England and Scotland – Building Safety*” for further information) which was implemented following the Grenfell Tower tragedy), the Target Group has had to implement the Cladding Programme, which was recently completed in July 2023 at a cost of approximately £22.4 million. The Cladding Programme improved the buildings’ façade and weather resistance, and ensured compliance with the recent nationwide change in fire safety regulations. In doing so, the Cladding Programme improved the Target Group’s position in respect of financing or refinancing of the Hospitality Assets and led to reduced fire insurance costs, as compliance (or lack thereof) with prevailing fire safety regulations is a matter which lenders and insurers would consider in respect of ongoing and future financing and

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refinancing of, and/or fire insurance in respect of, the Hospitality Assets. As at the date of this Circular, the Cladding Programme was the last major renovation carried out by the Target Group. The relevant costs and liabilities have been recognised and settled, save for approximately £1.4 million as at the Latest Practicable Date which are outstanding payments for warranties that will be paid after out within 12 months after renovation completion, with the last payment being 9 June 2024.

In addition, the Target Group proceeded in October 2022 to upgrade six (6) of the Hospitality Assets under the “DoubleTree by Hilton” and “Hilton Garden Inn” brands, as part of a property improvement plan (the “**Property Improvement Plan**”). The Property Improvement Plan involves enhancements to 1,331 rooms, hotel decorations and restructuring of existing floorplans, and is currently expected to be completed by end-August 2024¹³ at an aggregate cost in excess of £16.0 million (to be funded by the Target Group from cash flows from operations). As at the Latest Practicable Date, the Target Group has incurred approximately £3.4 million and has committed an additional £5.2 million towards the Property Improvement Plan, and the remaining £7.8 million is expected to be incurred in FY2024.

Finally, 11 out of 17 of the Hospitality Assets are currently utilising CHP units. The implementation of the CHP units enables the Target Group to improve budgeting accuracy for operating expenses while simultaneously making a positive impact on reducing its electricity demands. The implementation of the CHP units is expected to generate significant cost savings per year especially in times of volatile energy prices, ultimately leading to improved profitability for the Target Group. For the avoidance of doubt, there will not be any further installations of the CHP units for the remaining six (6) Hospitality Assets.

The various capital expenditure projects are expected to contribute positively to the net operating income and generate cost savings, thereby leading to an improvement in profitability and positioning for monetisation.

Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment

The Target Group is also working on projects relating to (a) the room additions to six (6) existing Hospitality Assets which, subject to the relevant approvals (being (i) an approval from each relevant local council in response to a planning application, followed by a final approval from each such relevant local council in response to a formal building application permit request, and (ii) where applicable, consent from the landlord) (the “**Room Additions Approvals**”), are expected to add a further 166 keys to the portfolio by the end of 2026 (the “**Room Additions**”); (b) the enhancement of the spa facilities in The Club and Spa at the DoubleTree by Hilton Hotel & Spa Chester to create a more premium spa experience (the “**Spa Enhancement**”), which is expected to be completed by the end of 2026; and (c) the refurbishment of bedrooms at Crowne Plaza Chester (the “**Bedroom Refurbishment**”) which is expected to be completed by the end of 2026. The Room Additions, Spa Enhancement and Bedroom Refurbishment will be progressively implemented, subject in the case of the Room Additions to the Room Additions Approvals being obtained by the Target Group. The Target Group will make the requisite applications for the Room Additions Approvals prior to commencing the Room Additions. Based on past experience, the Target Group does not foresee any difficulties in obtaining the requisite Room Additions Approvals.

¹³ Please refer to Section 8.6 of this Target’s Letter to Shareholders titled “*Capital Expenditure and Divestments and Commitments – Capital Expenditure Plans*”.

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Further information on the Room Additions, the Spa Enhancement and the Bedroom Refurbishment can be found in the table below:

Hospitality Asset	Room Additions, Spa Enhancement and Bedroom Refurbishment
Crowne Plaza Solihull	52 bedrooms creating 172-key hotel
DoubleTree by Hilton Manchester Piccadilly	30 bedrooms creating 315-key hotel
Hilton Garden Inn Birmingham Brindley Place	38 bedrooms creating 276-key hotel
Hilton Garden Inn Bristol City Centre	24 bedrooms creating 195-key hotel
Crowne Plaza Harrogate	16 bedrooms creating 230-key hotel
AC Hotel by Marriott Manchester Salford Quays	6 bedrooms creating 148-key hotel
DoubleTree by Hilton Hotel & Spa Chester	Immediate opportunity to enhance the positioning of the spa offering on the strong revenues already achieved
Crown Plaza Chester	Opportunity to refurbish the hotel in line with other recent Crowne Plaza upgrades in the Hospitality Assets

Access to DTGO Group’s global network for high-performing assets with value enhancement opportunities

Post-Closing, the Target Group will be able to access further pipeline investment opportunities that may be made available by DTGO Corporation and its subsidiaries (the “**DTGO Group**”) to augment the Target Group’s growth. The DTGO Group has a strong track record and business operations across several commercial sectors including, amongst others, hospitality businesses and services, as well as property development and its related businesses including commercial and retail buildings, alongside its non-profit initiatives in education, healthcare and the environment.

To preserve the inherent business advantages of scale, synergy, capabilities and expertise embedded within the existing DTGO Corporation ecosystem in order to benefit the Company while mitigating potential competition concerns, the Company and DTGO Corporation had on 7 December 2023 entered into the Deed of Undertaking pursuant to which DTGO Corporation granted to the Company (i) a right of first offer (“**ROFO**”) under certain terms and conditions to acquire Relevant Assets that DTGO Corporation or any of its subsidiaries wishes to dispose of (for example, as and when development projects of DTGO Group entities complete and are available for sale); and (ii) a right of first refusal (“**ROFR**”) under certain terms and conditions, in the event that DTGO Corporation or any of its subsidiaries receives any proposed offer of sale of or investment opportunity in any Relevant Assets from a third party, to explore the Relevant Opportunity with the third party.

As at the Latest Practicable Date, there are no concrete pipeline investment opportunities that may be made available by the DTGO Group to the Target Group. Post Closing, any such investment opportunities that arise will fall under the respective purviews of the ROFO and ROFR.

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Access to the DTGO Group ecosystem is expected to provide the Target Group with significant opportunities for growth, and is a key characteristic that gives the Target Group a distinct advantage.

6. PROSPECTS, STRATEGIES AND FUTURE PLANS

Certain information in this Section is extracted from the Updated Valuation Report, and published or otherwise publicly available sources. Aside from the Independent Valuer, the publishers of such sources, such as Deloitte LLP, BDO LLP, The Guardian, Hotelier Academy, Les Roches, CBRE, Financial Times, H Trends, Hotel Management Network, UK Hospitality, Knight Frank LLP and Avison Young (UK) Limited, have not consented to the inclusion of the extracted information below in this Circular for the purpose of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed New Board has taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, none of the Proposed New Board, the Existing Directors, the Target Company, the Company and the Sponsor and Financial Adviser has independently verified the accuracy of the contents of the relevant information.

The following discussion about the Target Group’s industry and prospects contains forward-looking statements which involve risks and uncertainties, and historical market data may not be entirely reflective of the Target Group and its business. The actual results of the Target Group and the Enlarged Group may differ significantly from those anticipated in the forward-looking statements, and those reflected as historical market data. Factors that might cause the future results of the Target Group and the Enlarged Group to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in Section 17 of this Circular titled “Risk Factors”.

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Target Company, the Company, the Sponsor and Financial Adviser or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date hereof. Please refer to the Section of this Circular titled “Cautionary Note Regarding Forward-Looking Statements” for further details.

6.1 Industry Overview

The hospitality industry in the United Kingdom is a significant contributor to the country’s economy, encompassing hotels, restaurants, bars, catering services and tourism. After experiencing unprecedented challenges due to the COVID-19 pandemic and subsequent recovery in 2021-2022, the hotel industry is poised for moderate recovery in 2023 amid the post-COVID-19 economic backdrop. After a surge in business driven by pent up travel demand, the hotel industry’s recovery is expected to slow down in the face of continued economic volatility and rising costs. The drop in, and rising cost of, doing business is likely to impair the industry’s recovery seen during 2021-2022, in addition to supply chain disruptions and staffing shortages¹⁴.

¹⁴ Source: Deloitte LLP, The European Hospitality Industry Outlook, January 2023, page 3.

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6.2 Industry Trends

Recovery of tourism post-COVID

The global hotel industry is on track for a full recovery with re-emergence of international travel and opportunities. The hotel market’s performance has witnessed a significant recovery in 2022 and year-to-date 2023, owing to the resurgence of travel and tourism in the United Kingdom after the COVID-19 pandemic.

Pre-COVID-19 pandemic, the number of inbound visits to the United Kingdom reached almost 41 million, with the most visited regions being the southeast and northwest of the United Kingdom. 2020 and 2021 saw a significant decrease in inbound visitation across all regions of the United Kingdom due to the COVID-19 pandemic. With the start of the recovery phase and the pickup of international travel in 2022, the United Kingdom experienced a surge in the number of inbound visits, which amounted to more than 30 million. Even though visitation numbers increased significantly compared to 2021, levels have not returned to those achieved pre-COVID-19 pandemic yet, lagging some 25 per cent. behind that of 2019¹⁵.

However, the United Kingdom regions have experienced a substantial 44 per cent. increase in RevPAR in year-to-April 2023 compared to the same period in the previous year. This growth can be attributed to a 23 per cent. rise in occupancy rates and an 18 per cent. increase in the average room rate¹⁶.

Changing consumer trends

Consumer choices are impacted by their financial wellbeing. Prolonged pressure from rising costs and recession uncertainty are likely taking their toll and consumers are increasingly concerned about their future finances¹⁷. Hence, while demand for hotel accommodations is forecasted to continue, hotels need to work harder and have a clear value-led proposition to attract consumers’ discretionary spending. Based on findings from BDO LLP, the United Kingdom’s allure for foreign visitors is also forecasted to be diminished while inflation remains high. In March 2023, inflation in the United Kingdom was 10.1 per cent., more than twice that of the United States and 3.2 percentage points higher than the euro zone – making hotels in the United Kingdom a costly proposition for foreigners even if exchange rates remain steady¹⁸. Fragile consumer confidence and increasing cost pressures will have an impact on the profitability of the hotel industry.

With changing demographics and consumer behaviors, travel patterns and preferences are also evolving. One such trend includes combining work and leisure (“**bleisure**”), which has been on the rise¹⁹, with hotels adapting their offerings and amenities to cater to workers who require both temporary workspaces and leisure amenities during their stays. The popularity of niche, boutique hotels and alternative lodging options such as Airbnb,

15 Source: The Updated Valuation Report.

16 Source: The Updated Valuation Report.

17 Source: Deloitte LLP, The European Hospitality Industry Outlook, January 2023, page 3.

18 Source: BDO LLP, Hotel Britain 2023, July 2023, page 8.

19 Source: The Guardian, Why Britain has become the top destination for US ‘bleisure’ invasion, found in (<https://www.theguardian.com/travel/2023/apr/30/why-britain-has-become-the-top-destination-for-us-bleisure-invasion>), as extracted on 26 July 2023.

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have also grown in popularity in recent years²⁰. Hotel owner-operators would therefore need to understand their competition and competitiveness of such alternative offerings, offer a differentiated customer experience such as through unique amenities or brand loyalty programs and leverage on technology to optimise pricing and demand to remain competitive.

Technology integration

In response to ever-changing guest expectations and preferences and the competitive landscape of the hotel industry, technology integration will play a pivotal role in the hotel industry moving forward. Through the use of modern technology, more hotels provide more innovative amenities such as self-check-in kiosks and intelligent features such as adjustable mood lighting, smart televisions and control of room functions through connectivity to guests’ own devices²¹. The implementation of such technologies aims to create a personalised and more effortless customer experience, thereby enhancing customer satisfaction and loyalty.

Hotel owner-operators can achieve operational efficiencies when leveraging in-room systems that integrate with their property management systems. Property management systems integration enables hotel staff to streamline operations and monitor real-time information (including guest inputs) that can be reviewed to improve services and customer experiences²².

Sustainability initiatives

The hotel industry is displaying an increased interest in fostering environmentally responsible hotels and “green” programmes²³. This growing expectation of sustainability practices is driving the hotel industry to prioritise sustainability initiatives and responsible environmental stewardship.

The United Kingdom aims to reduce greenhouse gas emissions significantly in the coming decades. The aim is to achieve 68 per cent. reduction in greenhouse gas emissions by 2030 and 78 per cent. reduction in greenhouse gas emissions by 2035, with the ultimate goal of achieving complete carbon neutrality by 2050. These targets are in line with the Paris Agreement, which seeks to limit the global temperature increase to 1.5 degrees Celsius. To reach these objectives, commercial real estate companies, including hotel owners, must develop strategies that lead to a massive 94 per cent. reduction in CO₂ emissions between 2022 and 2050 to comply with the Paris Agreement²⁴.

20 Source: The Guardian, How Airbnb took over the world, found in (<https://www.theguardian.com/technology/2019/may/05/airbnb-homelessness-renting-housing-accommodation-social-policy-cities-travel-leisure>), as extracted on 7 August 2023.

21 Source: Hotelier Academy, 5 Smart Hotels Around the World that Highlights this new Global Trend, found in (<https://www.hotelieracademy.org/5-smart-hotels-that-confirm-the-potentials-of-this-new-hotel-trend/>), as extracted on 26 July 2023.

22 Source: Les Roches, Hotel property management systems, found in (<https://lesroches.edu/blog/hotel-property-management-systems/>), as extracted on 7 August 2023.

23 Source: The Guardian, The greening of the hotel industry, found in (<https://www.theguardian.com/technology/2006/nov/24/hotels.travel>), as extracted on 7 August 2023.

24 Source: CBRE, Sustainability and ESG Adoption in the Hotel Industry: A Global Status Update, found in (<https://www.cbre.com/insights/reports/sustainability-and-esg-adoption-in-the-hotel-industry>), as extracted on 7 August 2023.

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While hotel operators in the United Kingdom are placing considerable emphasis on enhancing their social and governance performance, hotel owner-operators and brands must carefully balance all elements of ESG initiatives as their short-to-mid-term actions directly impact the companies’ and brands’ reputation. Hotels in the United Kingdom are also currently facing challenges related to high energy prices and rising operating costs. Hence, to better handle potential energy rate increases and uncertainties in budgeting, it becomes imperative to future-proof hotel assets through improved energy efficiency measures.

Labour challenges and cost pressures

The hotel industry may also face ongoing challenges with the shrinkage of labour as Brexit’s impact on the availability of workers from the European Union²⁵. Recruiting and retaining employees for important roles such as housekeeping, front desk and food services has also been increasingly difficult – with one (1) in seven (7) hospitality jobs now unfilled despite 77 per cent. of operators increasing pay to retain and attract staff²⁶.

The rise of labour shortages, where the demand for staff currently exceeds the available supply, leads to intense competition in the labour market. Salary expectations are continually rising, and companies that can take key actions such as to implement and review staff optimal productivity models to ensure a correct level of full time employees, in line with demand, will be able to manage the immediate cost pressures²⁷. The rise in labour costs is just one of the many cost pressures affecting hotels, with higher raw materials cost, increased transportation expenses and supply chain disruptions exacerbating the financial strain faced by hotel owner-operators²⁸.

There has been a sharp increase in inflationary pressure throughout the sector and the wider economy, impacting all aspects of the supply chain. As existing contracts with lower rates expire, utility costs are expected to rise. However, the industry’s stronger Average Daily Rate is helping to offset the rising costs²⁹.

Hotel acquisition landscape

Based on research by Knight Frank, £3 billion of hotel transactions in 2022 was 31 per cent. below the five-year average and 22 per cent. below 2021 investment levels³⁰. With the persistent high interest rate and high inflation environment in 2023, there is a heightened level of price sensitivity and a resultant mismatch between buyers and sellers’ expectations of hotel assets in the United Kingdom. Under the current market conditions,

25 Source: Financial Times, UK hospitality industry loses nearly 200,000 overseas workers, found in (<https://www.ft.com/content/027ea2e9-d6c3-4a18-a735-87f92ace95a4>), as extracted on 7 August 2023.

26 Source: UK Hospitality, Hospitality sector recovery stymied by labour shortages, rising costs, found in (<https://www.ukhospitality.org.uk/news/611116/Hospitality-sector-recovery-stymied-by-labour-shortages-rising-costs.htm>), as extracted on 26 July 2023.

27 Source: H Trends, U.K. Hotels Must Accelerate Transformation As Cost Pressures Hit the Bottom Line, found in (<https://www.htrends.com/trends-detail-sid-126759.html>), as extracted on 14 August 2023.

28 Source: Hotel Management Network, UK hotels still grappling with post-Covid challenges, found in (<https://www.hotelmanagement-network.com/features/uk-hotels-still-grappling-with-post-covid-challenges/?cf-view>), as extracted on 7 August 2023.

29 Source: Avison Young (UK) Limited, UK hotel market overview, May 2023, page 4.

30 Source: Knight Frank LLP, Strong momentum for UK hotel investments in 2023, found in (<https://www.knightfrank.com/research/article/2023-03-08-momentum-for-uk-hotel-investment-in-2023-remains-strong>), as extracted on 7 August 2023

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assets will need to be offered at a realistic pricing by committed sellers and thus, it is forecasted that hotel transactional volumes will remain muted during the first six (6) months of 2023 due to the lack of quality and sizable corporate stock available on the market in the current economic landscape³¹.

Growing market in key regional cities

The cities in which the Target Group operates benefit from both leisure and business segments and have seen strong growth over recent years owing to international travel restrictions, and national and international hotel brands are seeking to further expand in the regions within a development environment that has enabled the replacement of older hotel stock with new purpose-built facilities across the majority of the regions in the United Kingdom with current investor appetite gravitating to secondary and tertiary markets³².

While the budget hotel pipeline across the United Kingdom is slowing, some markets are vulnerable to this new supply. Purpose-built Premier Inns, and to a degree Travelodges, are competing in some markets with the lower-quality full-service hotel stock, although in other weaker markets they effectively marginalise independent fringe hotel inventory. Some regions of the United Kingdom have seen robust new hotel development as investors are increasingly considering the hotel real estate asset class and the introduction of brands into properties. Local markets previously classified as tertiary have therefore seen both induced demand and been able to capture latent demand from weaker hotel stock³³.

There are projected to be 76 new hotel openings in 2023 across the ten (10) specified cities. These openings will bring a total of 9,781 bedrooms to the market, out of which eight (8) hotels with 944 bedrooms have already commenced operations year-to-date 2023³⁴.

Trend Information

Barring unforeseen circumstances, the Target Group has observed the following trends which may have an impact on the business and financial prospects for the next 12 months from the Latest Practicable Date:

- (a) The Target Group anticipates revenue growth, which will be bolstered by various factors including (i) a rebound in demand for leisure travel post COVID-19 pandemic in both domestic and international tourism; (ii) a pent-up demand for business travel, meetings, and events; and (iii) an increasing trend of flexible working arrangements, leading to the growth of leisure travel segment. Based on these factors, the Target Group believes that these trends present a substantial opportunity for business expansion, ultimately resulting in an increase in overall RevPAR and occupancy rates.
- (b) The Target Group anticipates a general upward trend in cost of sales and operating expenses, including staff costs, administrative expenses, and other expenses. These increases are expected to align with the Target Group’s expanding business activities and the surging inflation rate in the United Kingdom.

31 Source: Knight Frank LLP, UK Hotel Capital Markets Investment Review 2023, March 2023, page 17.

32 Source: The Updated Valuation Report.

33 Source: The Updated Valuation Report.

34 Source: Avison Young (UK) Limited, UK hotel market overview, May 2023, page 4.

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- (c) The Target Group intends to actively manage its properties through asset enhancement initiatives, which may involve capital expenditures or set-up costs. It anticipates that these initiatives will generate future revenue, accompanied by corresponding increases in operating expenses. However, it should be noted that there is no guarantee that these asset enhancement initiatives will have a significant impact on the Target Group’s profitability in the current financial year, unless any unforeseen circumstances arise.
- (d) The Target Group also anticipates expenses to further increase due to expenses incurred in connection with the Proposed Acquisition, ongoing compliance costs, and additional remuneration as a result of the appointment of directors and management team after Closing.
- (e) The Target Group is aware of the unprecedentedly rising interest rate and how the internal rate of return is impacted as a result of the reduced operational cash flow after interest repayment. Notwithstanding the above, the Target Group is actively sourcing for solutions to manage the finance cost going forward, including refinancing existing loans.

Save as disclosed above and in Section 17 of this Circular titled “*Risk Factors*” and Section 8 of this Target’s Letter to Shareholders titled “*Management’s Discussion and Analysis of Financial Position and Results of Operations*”, and barring any unforeseen circumstances, the Proposed New Board is not aware of any (i) significant recent trends in the Target Group’s sales or the costs and selling prices of services since 30 June 2023; or (ii) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Target Group’s net sales, revenues, profitability, liquidity or capital resources for at least FY2023, or that may cause the financial information disclosed in this Circular to be not necessarily indicative of the Target Group’s future operating results or financial condition.

6.3 Future Plans

The Target Group’s business strategies and future plans for its continued growth are as follows:

- (a) Optimise capital structure and strengthen balance sheet

The Target Group intends to optimise its capital structure and cost of capital for its business needs and intends to employ a combination of debt and equity in financing acquisitions and asset enhancement initiatives. The broader capital management strategy will involve adopting and maintaining aggregate leverage levels and debt maturity schedules (in compliance with existing Facility Agreements, where applicable) to provide optimal returns to its shareholders, while maintaining flexibility in respect of future capital expenditures or acquisitions.

The Target Group will, in the future, consider opportunities to raise additional equity capital through further fundraising for corporate exercises such as financing acquisitions of properties in line with its investment focus. The Target Group continues to endeavour to maintain a strong balance sheet and to optimise its cost of debt financing at the appropriate times.

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As such, the Target Group intends to utilise approximately S\$55.0 million of the proceeds from the Proposed Compliance Placement to partially repay the DTP Inter Holdings Loan. Please refer to Section 13.3 of this Target’s Letter to Shareholders titled “*Present and Ongoing Interested Person Transactions – Provision of loans by DTP Inter Holdings to the Target Group*” for further details relating to the details of the DTP Inter Holdings Loan.

- (b) Asset enhancement, capital expenditure and portfolio expansion to increase yield

Asset enhancement and active asset management

The Target Group will work with Valor to refurbish selected properties in a staged manner, aimed at maintaining and improving the customer experience and marketability of the properties which will ultimately improve RevPAR performance. The Property Improvement Plan is an example of such asset enhancement initiatives. In addition to the Room Additions mentioned in Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths*” above, the Target Group will also continue to identify opportunities that provide positive return on investment that can generate additional profits. The Target Group will also pursue asset enhancement initiatives by leveraging technology to improve the customer experience and operational efficiency including initiating green programmes to reduce energy costs by, *inter alia*, installing more CHP units and bringing in solar energy. The Target Group will also actively monitor opportunities to provide incremental value to its shareholders. In doing so, the Target Group believes that this will also increase its operational resiliency.

The Target Group has close interactions and consultations with Valor, which will ensure that the favourable profit enhancement and asset management strategies are implemented and executed. It has been proactively managing the properties to continuously improve growth in net property income, maintain optimal occupancy levels and implement other various value enhancement programmes.

As such, the Target Group intends to utilise approximately S\$5.0 million of the proceeds from the Compliance Placement for asset enhancement and capital expenditure.

Portfolio expansion

Beyond asset enhancement initiatives and value creation, the Target Group plans to explore and identify opportunities to expand its portfolio of assets and other potential initiatives.

As part of its growth strategy, the Target Group plans to acquire new hospitality and lodging-related assets from third parties, as well as through leveraging its extensive network within the DTGO Group to source and acquire suitable assets. Depending on the available opportunities, feasibility and market conditions, the Target Group may enter into acquisitions and strategic investments with synergistic and complementary hospitality and lodging-related assets. The primary focus will be on identifying opportunities that offer stable cash flows and have the potential for additional income and capital growth. When evaluating potential acquisition opportunities, the Target Group will consider factors such as those set out in Section 4.2 of this Target’s Letter to Shareholders titled “*Business and*

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Operations – Ownership and Investment Focus – Investment Focus and Criteria”, and will prioritise opportunities that contribute to portfolio diversification, including potential investments in purpose-built student accommodation in the United Kingdom, a mixed-use development in Dubai, a hotel portfolio in the Netherlands, and other complementary sectors.

The Target Group is embarking on a strategic plan to diversify into new businesses with potential for rapid growth, with a strong emphasis on green initiatives. This includes the incorporation of sustainable building materials, and the implementation of energy-efficient and cost-saving systems. By embracing these practices, the Target Group aims to align with environmentally friendly practices while also capitalising on the potential for growth and innovation in these emerging sectors. Through this strategic approach, the Target Group seeks to expand its business horizons and contribute to a sustainable future.

By pursuing these strategies, the Target Group aims to strengthen its portfolio and market position, maximise returns from its hotel investments and provide an impetus for growth.

As at the Latest Practicable Date, the Target Group has not entered into any agreements in respect of a potential acquisition or strategic investment. After Closing, as and when the Enlarged Group identifies any potential acquisition targets and/or strategic investment opportunities and enters into definitive agreements in relation to such acquisitions and/or investments, the Company will update the Shareholders and seek approval, where necessary, from the Shareholders and the relevant authorities as required by the relevant laws and regulations.

Separately, asset monetisation is also a key driver for the fundraising platform towards the Target Group’s portfolio growth, with the aim of generating gains from asset enhancement and/or uplift and leveraging various avenues such as real estate investment trusts (REITs), trade sales, and tokenisation. The Target Group will explore opportunities to unlock value from its assets through these strategies, allowing for efficient and effective means of capitalising on its holdings. Whether through the establishment of a real estate investment trust, executing trade sales, or leveraging tokenisation, the Target Group is committed to maximising returns from its assets and capitalising on market opportunities.

7. SELECTED FINANCIAL INFORMATION OF THE TARGET GROUP

The following selected consolidated financial information of the Target Group should be read in conjunction with the full text of this Circular, including the Section 8 of this Target’s Letter to Shareholders titled “Management’s Discussion and Analysis of Financial Position and Results of Operations”, and the “Independent Auditors’ Report and the Audited Combined Financial Statements of the Target Group for the years ended 31 December 2020, 2021 and 2022” and the “Independent Auditors’ Review Report and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023” as set out in Appendix B and Appendix C to this Circular respectively.

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7.1 Combined Statements of Profit or Loss and Comprehensive Income of the Target Group

(£'000)	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)	1H2022 (Unaudited)	1H2023 (Unaudited)
Revenue	44,217	88,149	128,799	57,888	67,947
Cost of sales	(26,875)	(39,711)	(60,040)	(27,666)	(30,642)
Gross profit	17,342	48,438	68,759	30,222	37,305
Other operating income	–	41,171	3,378	225	43,788
Administrative expenses	(46,627)	(47,571)	(61,529)	(27,212)	(31,997)
Other expenses	(81,841)	(6,884)	(35,441)	(74)	(3,448)
Results from operating activities	(111,126)	35,154	(24,833)	3,161	45,648
Finance income	–	–	11,520	36	2,880
Finance costs	(25,505)	(29,584)	(32,173)	(14,178)	(20,691)
Net finance costs	(25,505)	(29,584)	(20,653)	(14,142)	(17,811)
(Loss)/Profit before tax	(136,631)	5,570	(45,486)	(10,981)	27,837
Income tax expense	1,827	(501)	16,691	–	–
(Loss)/Profit for the year/period	(134,804)	5,069	(28,795)	(10,981)	27,837
(Loss)/Profit for the year/period attributable to owner of the Target Company	(134,804)	5,069	(28,795)	(10,981)	27,837
Other comprehensive income, net of tax					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	4,194	4,881	(4,199)	–	13,442
Related deferred tax	(482)	(633)	(352)	–	–

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(£'000)	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)	1H2022 (Unaudited)	1H2023 (Unaudited)
Other comprehensive income for the year/period, net of tax	3,712	4,248	(4,551)	–	13,442
Total comprehensive income for the year/period	(131,092)	9,317	(33,346)	(10,981)	41,279
Basic (LPS)/EPS attributable to ordinary equity holder of the Target Company during the financial year/period ⁽¹⁾	(134.80)	5.07	(28.80)	(10,981)	1
(LPS)/EPS (Enlarged Share Capital) (pence) ⁽²⁾⁽³⁾	(8.37)	0.31	(1.79)	(0.68)	1.73

Notes:

- (1) Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Target Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. There was no dilution to the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding during the Period Under Review.
- (2) Had the Service Agreements (as set out in the Section 11.6 of this Target’s Letter to Shareholders titled “*Service Agreements*”) been in effect since 1 January 2022, the Target Group’s loss before tax, loss for the year and LPS for FY2022 computed based on the Enlarged Share Capital of 1,610,481,202 Shares would have been approximately £46.1 million, £29.4 million and 1.83 pence respectively.
- (3) For illustrative purposes, the (LPS)/EPS (Enlarged Share Capital) for the Period Under Review have been computed based on the Target Group’s profit/(loss) for each financial year/period and the Enlarged Share Capital of 1,610,481,202 Shares.

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7.2 Combined Statements of Financial Position of the Target Group

(£'000)	As at 31 December			As at
	2020 (Audited)	2021 (Audited)	2022 (Audited)	30 June 2023 (Unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	358,764	392,262	363,725	417,810
Derivative financial assets	211	1,742	12,840	12,840
Deferred tax asset	–	–	16,533	16,533
Total non-current assets	358,975	394,004	393,098	447,183
Current assets				
Inventories	715	766	924	894
Trade and other receivables	2,813	4,131	6,813	9,193
Cash and cash equivalents	9,270	22,193	28,475	12,885
Total current assets	12,798	27,090	36,212	22,972
Total assets	371,773	421,094	429,310	470,155
EQUITY				
Share capital	1	1	1	161,185
Revaluation reserve	3,712	7,960	3,409	16,851
Accumulated losses	(154,091)	(149,022)	(177,817)	(149,980)
Equity attributable to owner of the Target Company	(150,378)	(141,061)	(174,407)	28,056
LIABILITIES				
Non-current liabilities				
Loans and borrowings	5,716	313,242	306,446	293,997
Deferred tax liabilities	2,141	3,275	3,469	3,469
Total non-current liabilities	7,857	316,517	309,915	297,466

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(£'000)	As at 31 December			As at
	2020 (Audited)	2021 (Audited)	2022 (Audited)	30 June 2023 (Unaudited)
Current liabilities				
Loans and borrowings	333,585	21,837	6,849	6,849
Trade and other payables	180,709	223,801	286,953	137,784
Total current liabilities	514,294	245,638	293,802	144,633
Total liabilities	522,151	562,155	603,717	442,099
Total equity and liabilities	371,773	421,094	429,310	470,155
NTA per Share (pence) ⁽¹⁾	(9.57)	(9.25)	(11.04)	0.70

Note:

(1) For illustrative purposes, NTA per Share is computed based on the equity attributable to the owner of the Target Company, excluding revaluation reserve, and the Enlarged Share Capital of 1,610,481,202 Shares.

8. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of our results of operations and financial position should be read in conjunction with the full text of this Circular, including the Section titled “Independent Auditors’ Report and the Audited Combined Financial Statements of the Target Group for the years ended 31 December 2020, 2021 and 2022” and “Independent Auditors’ Review Report and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023” as set out in Appendix B and Appendix C to this Circular respectively.

This discussion contains forward-looking statements which involve risks and uncertainties. The actual results of the Target Group and the Enlarged Group may differ significantly from those anticipated in the forward-looking statements. Factors that might cause the future results of the Target Group and the Enlarged Group to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in Section 17 of this Circular titled “Risk Factors”.

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Target Company, the Company, the Sponsor and Financial Adviser or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date hereof. Please refer to the Section of this Circular titled “Cautionary Note Regarding Forward-Looking Statements” for further details.

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8.1 Overview

The Target Company was incorporated in the Cayman Islands under the Cayman Companies Act (As Revised) as an exempted company limited by shares on 25 July 2019. The core business focus of the Target Group comprises investing in and managing the operations of hospitality and lodging-related business. As at the Latest Practicable Date, the Target Group owns a portfolio of hospitality assets in the United Kingdom, comprising 17 predominantly upscale hotels located in key regional cities in the United Kingdom.

Please refer to Section 4.2 of this Target’s Letter to Shareholders titled “*Business and Operations*” for further information on the Hospitality Assets owned (through freehold and/or leasehold interests) by the Target Group as at the Latest Practicable Date.

The basis of preparation for the Audited Combined Financial Statements of the Target Group for the years ended 31 December 2020, 2021 and 2022 and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023 with the exclusion of DTP Management Limited is consistent with the actual legal structure of the Target Group and is in compliance with the relevant accounting standards. Please refer to Section 3 and Section 4 of this Target’s Letter to Shareholders titled “*Corporate Information on the Target Group*” and “*History and Business of Target Group*” respectively for more details on the Target Group.

8.2 Revenue

Revenue represents sales (excluding VAT) of goods and services provided in the normal course of business and recognised when services have been rendered.

For the Period Under Review, the breakdown of the Target Group’s revenue is as follows:

- (a) Accommodation from the rental of hotel guestrooms (“**Accommodation**”);
- (b) Food and beverage from the sale of food and beverages to hotel guests, restaurant patrons and conference attendees as well as the rental of other hotel facilities (“**Food and Beverage**”);
- (c) Leisure from the sale of leisure centre memberships and provision of spa treatments (“**Leisure**”); and
- (d) Others from ancillary operations including amongst others, car parking fees, cancellation and no-show charges (“**Others**”).

Revenue from Accommodation and Food and Beverage is recognised when hotel guestrooms are occupied and food and beverages are sold respectively. For Leisure, the sale of leisure centre memberships is recognised over the life of the membership while the provision of spa treatments is recognised at the point of sale.

The Target Group’s revenue amounted to approximately £44.2 million, £88.1 million, £128.8 million, £57.9 million and £67.9 million for FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively.

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The key operating statistics of the Hospitality Assets by geographical segment for the Period Under Review is set out in the table below:

Key performance indicator	England					Scotland				
	FY2020	FY2021	FY2022	1H2022	1H2023	FY2020	FY2021	FY2022	1H2022	1H2023
Occupancy ⁽¹⁾	31.4%	51.5%	74.9%	70.0%	78.9%	28.8%	46.7%	65.7%	61.4%	71.0%
ADR ⁽²⁾ (£)	77.61	97.10	95.55	93.14	96.52	68.90	102.16	95.81	90.54	99.28
RevPAR ⁽³⁾ (£)	24.37	49.95	71.58	65.28	76.18	19.83	47.70	62.92	55.56	70.54

Notes:

- (1) The overall weighted average occupancy of the portfolio of Hospitality Assets for FY2020, FY2021, FY2022, 1H2022 and 1H2023 is 31.1%, 50.8%, 73.7%, 68.9% and 77.9% respectively.
- (2) The overall weighted average ADR of the portfolio of Hospitality Assets for FY2020, FY2021, FY2022, 1H2022 and 1H2023 is £76.54, £97.72, £95.58, £92.83 and £96.85 respectively.
- (3) The overall weighted average RevPAR of the portfolio of Hospitality Assets for FY2020, FY2021, FY2022, 1H2022 and 1H2023 is £23.77, £49.66, £70.44, £63.99 and £75.44 respectively.

As the total number of available rooms of 3,383 for the portfolio of Hospitality Assets remained unchanged for the Period Under Review, the Target Group’s revenue was mainly attributable to the increase in RevPAR, which has witnessed a recovery from the impact of the COVID-19 pandemic.

The Target Group’s revenue breakdown and Target Group’s revenue by hotel brands segments for the Period Under Review is set out in the tables below:

Revenue breakdown

	FY2020		FY2021		FY2022		1H2022		1H2023	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Accommodation	29,427	66.6	61,315	69.6	86,973	67.5	39,185	67.7	46,192	68.0
Food and Beverage	11,724	26.5	23,267	26.4	35,559	27.6	15,561	26.9	18,453	27.1
Leisure	1,019	2.3	1,391	1.6	2,692	2.1	1,292	2.2	1,567	2.3
Others	2,047	4.6	2,176	2.4	3,575	2.8	1,850	3.2	1,735	2.6
Total	44,217	100.0	88,149	100.0	128,799	100.0	57,888	100.0	67,947	100.0

The major components of the Target Group’s revenue breakdown for the Period Under Review was from Accommodation and Food and Beverage, which together accounted for approximately 93.1%, 96.0%, 95.1%, 94.6% and 95.1% of the Target Group’s revenue for FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively.

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Revenue by geographical segments

	FY2020		FY2021		FY2022		1H2022		1H2023	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
England	39,093	88.4	76,215	86.5	112,546	87.4	50,833	87.8	59,070	86.9
Scotland	5,124	11.6	11,934	13.5	16,253	12.6	7,055	12.2	8,877	13.1
Total	44,217	100.0	88,149	100.0	128,799	100.0	57,888	100.0	67,947	100.0

The Target Group’s revenue and assets are solely derived from and based in the United Kingdom. The primary source of revenue within the United Kingdom is derived predominantly from England, accounting for 88.4%, 86.5%, 87.4%, 87.8% and 86.9% of total revenue for FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively. The remaining revenue accounting for 11.6%, 13.5%, 12.6%, 12.2% and 13.1% of total revenue for FY2020, FY2021, FY2022, 1H2022 and 1H2023 is originated from Scotland.

In general, the Target Group’s revenue is mainly dependent on, *inter alia*, the following factors:

- (a) Its ability to retain current clients and entice new customers through an implementation of successful sales and marketing tactics, such as advertising, promotions, online marketing, and cultivating relationships with travel agents and corporate clients;
- (b) Its ability to evaluate market dynamics, industry trends and competitors in order to make well-informed business decisions and identify opportunities for adapting pricing strategies, optimising room rates and implementing service differentiation;
- (c) Its ability to deliver exceptional customer service and offer top-notch facilities through ongoing staff training programs and regular amenities upgrading initiatives, which result in a heightened level of customer retention;
- (d) Its ability to continually adapt and adopt emerging technologies, such as eco-friendly practices, to demonstrate its commitment to enhancing the customer experience; and
- (e) The demand for hotel rooms which is subject to fluctuations influenced by several factors, including (i) seasonal variations; (ii) tourism trends; and (iii) economic conditions.

Please refer to Section 17 of this Circular titled “*Risk Factors*” and Section 6 of this Target’s Letter to Shareholders titled “*Prospects, Strategies and Future Plans*” for more information on the above factors and other factors that may affect the Target Group’s revenue.

Cost of sales

The Target Group’s cost of sales amounted to approximately £26.9 million, £39.7 million, £60.0 million, £27.7 million and £30.6 million in FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively, which accounted for approximately 60.8%, 45.0%, 46.6%, 47.8% and 45.1% of the Target Group’s revenue for the corresponding Period Under Review.

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The major components of the Target Group’s cost of sales during the Period Under Review comprise of (i) payroll; (ii) cost of sales for food and beverages; and (iii) OTAs commissions.

Payroll comprises (i) salaries and wages; (ii) statutory contributions; (iii) employee benefits; (iv) bonuses for hotel staff employed by the Target Group; and (v) outsourcing costs for contract and agency staff.

Cost of sales for food and beverages relates to the purchase of raw materials and ancillary products needed by the Target Group to prepare and serve food and beverage products.

OTAs commissions relate to the commissions charged by OTAs when a customer makes a hotel reservation through the OTAs.

Effective cost management and strategic procurement practices are essential for hotels to control cost of sales while maintaining service quality. In general, the Target Group’s cost of sales is mainly dependent on, *inter alia*, the following factors:

- (a) Inflation rate can result in higher operating costs, encompassing labour, energy, food and beverage and general supplies. Nonetheless, the Target Group has effectively mitigated the impacts of inflation rate through its proactive pricing strategy;
- (b) Global supply chains can exert a substantial influence on the Target Group’s cost of sales, primarily through (i) constraints on goods availability, including food and beverage and inventories; (ii) disruptions in operations; and (iii) fluctuations in prices. However, the Target Group has implemented effective supply chain management practices by optimising its procurement processes, reducing dependence on imported goods and engaging in favourable negotiations with key suppliers. For example, the Target Group uses a procurement platform from Foodbuy which is a subsidiary of Compass Group;
- (c) Persistent employee shortage in the United Kingdom may create challenges for the Target Group in recruiting qualified and experienced staff and potentially drive up the labour costs;
- (d) Fluctuation of utilities costs, comprising electricity, gas, and water is subject to variations influenced by market conditions, regulatory factors, and seasonal demand. In response, the Target Group has successfully implemented the combined heat and power system, resulting in a reduction of carbon footprint while also generating significant cost savings; and
- (e) Marketing and advertising costs may rise due to the heightened competition and the need for promotional activities aimed at enhancing awareness and visibility of the Hotels.

Gross profit and gross profit margin

Gross profit is the amount of revenue in excess of cost of sales, and gross profit margin is the percentage of revenue that exceeds the cost of sales.

The gross profit of the Target Group amounted to approximately £17.3 million, £48.4 million, £68.8 million, £30.2 million and £37.3 million for FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively, corresponding to gross profit margins of approximately 39.2%, 55.0%, 53.4%, 52.2% and 54.9% for the corresponding Period under Review.

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Other income

The Target Group’s other income amounted to approximately £41.2 million, £3.4 million, £0.2 million and £43.8 million in FY2021, FY2022, 1H2022 and 1H2023 respectively, which accounted for approximately 46.7%, 2.6%, 0.4% and 64.4% of the Target Group’s revenue for the corresponding Period Under Review. The Target Group did not record other income in FY2020.

The Target Group’s other operating income comprises (i) insurance income from the settlement of COVID-19 disruption claims; (ii) reversal of impairment loss on land and buildings which arises from a revaluation surplus that reverses a previous revaluation deficit on the same asset recognised in profit or loss; and (iii) other income.

The valuation report for the assets for FY2021 reporting had shown a revaluation surplus as compared to FY2020 and the Target Group had accordingly reversed its impairment loss on land and buildings. Subsequently, the valuation report for the assets for FY2022 reporting had shown a revaluation deficit due mainly to the Omicron variant and if the uncertainty of other variants would affect the general travel and hospitality sector outlook. As such, the Target Group had recorded an impairment loss on land and buildings in FY2022.

Administrative expenses

The Target Group’s administrative expenses amounted to approximately £46.6 million, £47.6 million, £61.5 million, £27.2 million and £32.0 million in FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively, which accounted for approximately 105.5%, 54.0%, 47.8%, 47.0% and 47.1% of the Target Group’s revenue for the corresponding Period Under Review.

The major components of the Target Group’s administrative expenses during the Period Under Review comprise of (i) depreciation expenses; (ii) management and franchise fees; (iii) property-related expenses; (iv) utilities costs; and (v) sales and marketing expenses.

Depreciation expenses relate to the depreciation expenses incurred for freehold and leasehold land and buildings and fixtures, fittings and equipment.

Management and franchise fees comprise fees paid to Valor under the Valor Management Agreement and the fees paid to the relevant Franchisors under the respective Hotel Franchise Agreements.

Property-related expenses include property taxes and maintenance expenses relating to the cost of general maintenance and ad-hoc repairs.

Utilities costs include electricity charges, fuel, gas and water.

Sales and marketing expenses include activities conducted by the Target Company and Valor for each Hotel or activities conducted as part of a brand campaign.

Other expenses

The Target Group’s other expenses amounted to approximately £81.8 million, £6.9 million, £35.4 million, £0.1 million and £3.4 million in FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively, which accounted for approximately 185.1%, 7.8%, 27.5%, 0.1% and 5.1% of the Target Group’s revenue for the corresponding Period Under Review.

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The Target Group’s other expenses consist of (i) legal and professional fees in respect of acquisition and refinancing for the 2019 Transaction pursuant to further supplementary agreements; (ii) impairment loss on land and buildings arising from any deficit on revaluation except to the extent that it reverses a previous revaluation surplus on the same asset recognised in other comprehensive income; and (iii) impairment of goodwill arising from the property valuations performed.

Finance income

The Target Group’s finance income amounted to approximately £11.5 million, £36,000 and £2.9 million in FY2022, 1H2022 and 1H2023 respectively, which accounted for approximately 8.9%, 0.1% and 4.2% of the Target Group’s revenue for the corresponding Period Under Review. The Target Group did not record finance income in FY2020 and FY2021.

The following table sets out the major components of the Target Group’s finance income during the Period Under Review:

	FY2020		FY2021		FY2022		1H2022		1H2023	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Interest income	–	–	–	–	250	2.2	36	100.0	235	8.2
Hedging income	–	–	–	–	11,270	97.8	–	–	2,645	91.8
Total	–	–	–	–	11,520	100.0	36	100.0	2,880	100.0

The Target Group’s finance income arises from (i) interest income; and (ii) hedging income pursuant to the interest rate caps the Target Group has entered into to mitigate interest exposure on loans and borrowings.

Finance costs

The Target Group’s finance costs amounted to approximately £25.5 million, £29.6 million, £32.2 million, £14.2 million and £20.7 million in FY2020, FY2021, FY2022, 1H2022 and 1H2023 respectively, which accounted for approximately 57.7%, 33.6%, 25.0%, 24.5%, and 30.5% of the Target Group’s revenue for the corresponding Period Under Review.

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The following table sets out the major components of the Target Group’s finance costs during the Period Under Review:

	FY2020		FY2021		FY2022		1H2022		1H2023	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Interest expense related to:										
Loans and borrowings	(13,110)	51.4	(12,147)	41.1	(15,483)	48.1	(6,639)	46.8	(11,120)	53.8
Amortisation of debt-related transaction costs	(1,395)	5.5	(2,587)	8.7	–	–	–	–	–	–
Lease liabilities	(432)	1.7	(429)	1.5	(430)	1.3	–	–	–	–
Loan from a related company	(9,450)	37.1	(9,507)	32.1	(9,180)	28.5	–	–	–	–
Loans from intermediate holding companies	(1,307)	5.1	(4,329)	14.6	(6,971)	21.7	(7,528)	53.1	(9,522)	46.0
Bank Charges	–	–	–	–	–	–	–	–	(49)	–
Others	189	(0.8)	(585)	2.0	(109)	0.4	(11)	0.1	–	–
Total	(25,505)	100.0	(29,584)	100.0	(32,173)	100.0	(14,178)	100.0	(20,691)	100.0

The Target Group’s finance costs consist of interest expense on (i) loans and borrowings attributable to the Senior Loan and the Mezzanine Loan; (ii) amortisation of debt-related transaction costs; (iii) lease liabilities arising from the adoption of IFRS 16 by the Target Company; (iv) loan from a related company; (v) loans from intermediate holding companies; (vi) bank charges; and (vii) others. The Senior Loan and the Mezzanine Loan are repayable in quarterly instalments with a variable interest rate of 2.78% and 6.50% above SONIA respectively, which were comparable to the prevailing market rates and conditions at the time.

Corporate tax expense

The Target Group is subject to corporation tax at the applicable statutory tax rates in the United Kingdom. Corporation tax expense is expected to comprise current tax expense and deferred tax. Current tax expense is expected tax payable on the taxable income. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets will only be recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised.

During the Period Under Review, the applicable United Kingdom tax rate was 19%.

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The Target Group’s income tax expense, profit/(loss) before tax and the effective income tax rates are set out in the table below:

	FY2020	FY2021	FY2022	1H2022	1H2023
Income tax credit/(expense) (£’000)	1,827	(501)	16,691	–	–
(Loss)/Profit for the year/period (£’000)	(136,631)	5,570	(45,486)	(10,981)	27,837
Effective tax rate (%)	(1.3)	9.0	(36.7)	n.m.	n.m.

The Target Group’s overall effective tax rates were approximately (1.3)%, 9.0% and (36.7)% for FY2020, FY2021 and FY2022 respectively. The negative effective tax rates for FY2020 and FY2022 were due to tax credits utilised on losses for the year. As income taxes are only incurred at the end of each financial year, the income tax rates for 1H2022 and 1H2023 are not meaningful.

Other comprehensive income – revaluation of property, plant and equipment

The Target Group’s revaluation of property, plant and equipment amounted to approximately £4.2 million, £4.9 million, £(4.2) million and £13.4 million in FY2020, FY2021, FY2022 and 1H2023 respectively, which accounted for approximately 9.5%, 5.5%, (3.3)% and 19.8% of the Target Group’s revenue for the corresponding Period Under Review. The Target Group did not record revaluation gains or losses in other comprehensive income in 1H2022.

8.3 Review of Past Performance

FY2020 vs FY2021

Revenue

The Target Group’s revenue increased by approximately £43.9 million or 99.4%, from approximately £44.2 million in FY2020 to approximately £88.1 million in FY2021. This was mainly due to the partial lifting of COVID-19 restrictions imposed on the United Kingdom hospitality sector by the United Kingdom Government in 2021 resulting in higher overall occupancy rates, ADR and RevPAR of 50.8%, £97.72 and £49.66 respectively in FY2021 as compared to overall occupancy rates, ADR and RevPAR of 31.1%, £76.54 and £23.77 respectively in FY2020. The revenue from England increased by approximately £37.1 million or 95.0% from approximately £39.1 million in FY2020 to approximately £76.2 million in FY2021, while the revenue from Scotland increased by approximately £6.8 million or 132.9% from approximately £5.1 million in FY2020 to approximately £11.9 million in FY2021.

Cost of sales

The Target Group’s cost of sales increased by approximately £12.8 million or 47.8%, from approximately £26.9 million in FY2020 to approximately £39.7 million in FY2021. This was mainly due to an increase in (i) payroll as a result of the increase in turnover and the withdrawal of furlough support from the Government of the United Kingdom; (ii) cost of sales for food and beverages directly related to the hotels being fully reopened; and (iii) OTAs commissions, which was in line with the increase in revenue from FY2020 to

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FY2021 directly related to the increase in turnover and the volume of leisure guests using OTAs to book rather than corporate guests and directly related to the hotels being fully reopened.

Gross profit and gross profit margin

The Target Group’s gross profit increased by approximately £31.1 million or 179.3%, from approximately £17.3 million in FY2020 to approximately £48.4 million in FY2021. This was mainly due to the greater percentage increase in revenue of approximately 99.4% as compared to the percentage increase in cost of sales of approximately 47.8% from FY2020 to FY2021.

Based on the foregoing, the gross profit margin increased from 39.2% in FY2020 to 55.0% in FY2021.

Other income

The Target Group’s other income of approximately £41.2 million for FY2021 relates to insurance income and reversal of impairment loss on land and building due to gains recorded in the property valuations completed in December 2021. The property valuations conducted in December 2020 had reflected a revaluation deficit due primarily to the impact and uncertainty of the COVID-19 pandemic and the Target Group had accordingly recorded an impairment loss on land and buildings in December 2020.

Administrative expenses

The Target Group’s administrative expenses increased by approximately £0.9 million or 2.0%, from approximately £46.6 million in FY2020 to approximately £47.6 million in FY2021. This was due to the increase in (i) management and franchise fees related to the hotels being opened to the public and a number of fixed contracts having to be re-instated to allow the hotels to reopen in FY2021, following a temporary suspension of all fixed contracts other than Fire Life Safety contracts in FY2020 which Valor negotiated on behalf of the Target Group during the Covid-19 pandemic; (ii) sales and marketing expenses directly related to the hotels being fully reopened; (iii) utilities costs directly related to the hotels being fully reopened; and (iv) property-related expenses relating to re-instatement of maintenance contracts and H&S costs (COVID-19 requirements) post re-opening of the hotels to the public.

The increase in administrative expenses was partially offset by the decrease in depreciation expenses given that certain PPE have reached the end of their useful lives and would cease to record further depreciation.

Other expenses

The Target Group’s other expenses decreased by approximately £75.0 million or 91.6%, from approximately £81.8 million in FY2020 to approximately £6.9 million in FY2021. This was due to the (i) decrease in impairment loss on land and buildings; and (ii) no impairment on goodwill in FY2021 as a result of the property valuations completed in December 2021. The goodwill was carried on the books arising from the Target Group’s purchase of the portfolio from the previous owner. On 31 December 2020, the Target Group had assessed the carrying amount of the cash-generating unit to be higher than its recoverable amount and the impairment loss was recognised for FY2020 reporting.

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The decrease in other expenses was partially offset by the increase in legal and professional fees in respect of acquisition and refinancing.

Results from operating activities

The Target Group’s results from operating activities increased by approximately £146.3 million or 131.6%, from approximately £(111.1) million in FY2020 to approximately £35.2 million in FY2021. This was mainly due to the (i) increase in gross profit from approximately £17.3 million in FY2020 to approximately £48.4 million in FY2021; (ii) decrease in other expense from approximately £81.8 million in FY2020 to approximately £6.9 million in FY2021; and (iii) other income of approximately £41.2 million recognised in FY2021.

The increase in results from operating activities was partially offset by the increase in administrative expenses from approximately £46.6 million in FY2020 to approximately £47.6 million in FY2021.

Net finance costs

The Target Group’s net finance costs increased by approximately £4.1 million or 16.0%, from approximately £25.5 million in FY2020 to approximately £29.6 million in FY2021. This was mainly due to the (i) increase in interest expense related to loan from an intermediate holding company from approximately £1.3 million in FY2020 to approximately £4.3 million in FY2021 due to additional loans extended by the controlling shareholders of the Target Group; (ii) increase in interest expense related to amortisation of debt-related transaction costs from approximately £1.4 million in FY2020 to approximately £2.6 million in FY2021; (iii) increase in others interest expenses from approximately £(0.2) million in FY2020 to approximately £0.6 million in FY2021. The additional loans extended by the controlling shareholders of the Target Group were to fund working capital and capital expenditure during the COVID-19 pandemic.

The increase in net finance costs was partially offset by the decrease in interest expense related to loans and borrowings from approximately £13.1 million in FY2020 to £12.1 million in FY2021 due to lower principal balance of secured bank loans.

There was no material change in interest expense related to lease liabilities which remained at approximately £0.4 million from FY2020 to FY2021.

(Loss)/Profit before tax

The Target Group’s (loss)/profit before tax increased by approximately £142.2 million or 104.1%, from approximately £(136.6) million in FY2020 to approximately £5.6 million in FY2021. This was mainly due to the increase in results from operating activities from approximately £(111.1) million in FY2020 to £35.2 million in FY2021.

The increase in the Target Group’s (loss)/profit before tax was partially offset by the increase in net finance costs from approximately £25.5 million in FY2020 to approximately £29.6 million in FY2021.

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Tax expense

The Target Group’s tax expense increased by approximately £2.3 million or 127.4%, from approximately £(1.8) million in FY2020 to approximately £0.5 million in FY2021. This was mainly due to the increase in (loss)/profit before tax from approximately £(136.6) million in FY2020 to approximately £5.6 million in FY2021.

Other comprehensive income – revaluation of property, plant and equipment

The Target Group’s revaluation of property, plant and equipment in other comprehensive income increased by approximately £0.7 million or 16.4%, from approximately £4.2 million in FY2020 to approximately £4.9 million in FY2021 due to the property valuations completed in December 2021.

FY2021 vs FY2022

Revenue

The Target Group’s revenue increased by approximately £40.7 million or 46.1%, from approximately £88.1 million in FY2021 to approximately £128.8 million in FY2022. The increase in revenue is attributable to the full lifting of COVID-19 restrictions imposed by the United Kingdom Government on February 2022 and the resulting increase in corporate and domestic leisure volume. Accordingly, the Target Group experienced higher overall occupancy rates of 73.7% in FY2022 as compared to 50.8% in FY2021. Notwithstanding a slight decrease in overall ADR from £97.72 in FY2021 to £95.58 in FY2022 due to the increase in VAT from 12.5% in July 2021 to 20% in April 2022, the overall RevPAR increased from £49.66 in FY2021 to £70.44 in FY2022. The revenue from England increased by approximately £36.3 million or 47.7% from approximately £76.2 million in FY2021 to approximately £112.5 million in FY2022, while the revenue from Scotland increased by approximately £4.3 million or 36.2% from approximately £11.9 million in FY2021 to approximately £16.3 million in FY2022.

Cost of sales

The Target Group’s cost of sales increased by approximately £20.3 million or 51.2%, from approximately £39.7 million in FY2021 to approximately £60.0 million in FY2022. This was due to an increase in (i) payroll as a result of the United Kingdom Government increasing the national minimum wage in April 2022; (ii) cost of sales for food and beverages due to inflation in food and beverages prices following the war in Ukraine; and (iii) OTAs commissions, which is a direct correlation to the increase in room revenue and the change in customer mix from corporate volumes and tours & groups to domestic leisure.

Gross profit and gross profit margin

The Target Group’s gross profit increased by approximately £20.3 million or 42.0%, from approximately £48.4 million in FY2021 to approximately £68.8 million in FY2022. This was mainly due to the greater percentage increase in cost of sales of approximately 51.2% as compared to the percentage increase in revenue of approximately 46.1% from FY2021 to FY2022.

Based on the foregoing, the gross profit margin decreased from 55.0% in FY2021 to 53.4% in FY2022.

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Other income

The Target Group’s other income decreased by approximately £37.8 million or 91.8%, from approximately £41.2 million in FY2021 to approximately £3.4 million in FY2022. This was due to the (i) decrease in reversal of impairment loss on land and buildings; and (ii) decrease in insurance income.

The decrease in other income was partially offset by the recognition of other income in FY2022.

Administrative expenses

The Target Group’s administrative expenses increased by approximately £14.0 million or 29.3%, from approximately £47.6 million in FY2021 to approximately £61.5 million in FY2022. This was due to the increase in (i) property-related expenses as property taxes had been previously discounted by the United Kingdom Government to help the hospitality industry recover from the impact of the COVID-19 pandemic; (ii) management and franchise fees as a result of increase in brand royalties based on full royalty percentages; (iii) utilities costs due to the war in Ukraine and increased electricity tariffs in line with the United Kingdom Government’s support for renewable energy; and (iv) sales and marketing expenses due to the reversion of digital marketing costs to full charges as discounts were previously provided to help companies recover from the impact of the COVID-19 pandemic.

The increase in administrative expenses was partially offset by the decrease in depreciation expenses due to certain PPE being depreciated to their residual values, resulting in no further depreciation expenses relating to such PPE being incurred.

Other expenses

The Target Group’s other expenses increased by approximately £28.6 million or 414.8%, from approximately £6.9 million in FY2021 to approximately £35.4 million in FY2022. This was due to the increase in impairment loss on land as a result of the property valuations completed in December 2022.

The increase in other expenses was partially offset by the decrease in legal and professional fees in FY2022.

Results from operating activities

The Target Group’s results from operating activities decreased by approximately £60.0 million or 170.6%, from approximately £35.2 million in FY2021 to approximately £(24.8) million in FY2022. This was mainly due to the (i) increase in other expenses from approximately £6.9 million in FY2021 to approximately £35.4 million in FY2022; (ii) decrease in other income from approximately £41.2 million in FY2021 to approximately £3.4 million in FY2022; and (iii) increase in administrative expenses from approximately £47.6 million in FY2021 to approximately £61.5 million in FY2022.

The decrease in results from operating activities was partially offset by the increase in gross profit from approximately £48.4 million in FY2021 to approximately £68.8 million in FY2022.

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Net finance costs

The Target Group’s net finance costs decreased by approximately £8.9 million or 30.2%, from approximately £29.6 million in FY2021 to approximately £20.7 million in FY2022. This was mainly due to the (i) recognition of net gain on derivative financial assets at FVTPL of approximately £11.3 million in FY2022 attributable to revaluation of the interest rate cap; (ii) recognition of interest expense related to amortisation of debt-related transaction costs of approximately £2.6 million in FY2021; (iii) decrease in loan from a related company from approximately £9.5 million in FY2021 to approximately £9.2 million in FY2022; (iv) decrease in other interest expenses from approximately £0.6 million in FY2021 to approximately £0.1 million in FY2022; and (v) recognition of interest income of approximately £0.3 million in FY2022.

The decrease in net finance costs was partially offset by the (i) increase in interest expense related to loans and borrowings from approximately £12.1 million in FY2021 to approximately £15.5 million in FY2022 owing to increase in SONIA base rate; and (ii) increase in interest expense related to loan from intermediate holding company from approximately £4.3 million in FY2021 to approximately £7.0 million in FY2022 as a result of additional injection of loans from the intermediate holding company.

There was no material change in interest expense related to lease liabilities which remained at approximately £0.4 million from FY2021 to FY2022.

(Loss)/Profit before tax

The Target Group’s (loss)/profit before tax decreased by approximately £51.1 million or 916.6%, from approximately £5.6 million in FY2021 to approximately £(45.5) million in FY2022. This was mainly due to the decrease in results from operating activities from approximately £35.2 million in FY2021 to approximately £(24.8) million in FY2022.

The decrease in the Target Group’s (loss)/profit before tax was partially offset by the decrease in net finance costs from approximately £29.6 million in FY2021 to approximately £20.7 million in FY2022.

Tax expense

The Target Group’s tax expense decreased by approximately £17.2 million or 3,431.5%, from approximately £0.5 million in FY2021 to approximately £(16.7) million in FY2022. This was mainly due to the decrease in (loss)/profit before tax from approximately £5.6 million in FY2021 to approximately £(45.5) million in FY2022.

Other comprehensive income – revaluation of property, plant and equipment

The Target Group’s revaluation of property, plant and equipment decreased by approximately £9.1 million or 186.0%, from approximately £4.9 million in FY2021 to approximately £(4.2) million in FY2022 as the gains in revaluation reserve arising from the property valuation in 2021 was outweighed by the decrease in the property valuation in 2022.

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1H2022 vs 1H2023

Revenue

The Target Group’s revenue increased by approximately £10.1 million or 17.4%, from approximately £57.9 million in 1H2022 to approximately £68.0 million in 1H2023 as a result of improved market conditions as 1H2022 was affected by the Omicron COVID-19 variant and disruptions from cladding works. Accordingly, the Target Group experienced higher occupancy rates, ADR and RevPAR in 1H2023 as compared to 1H2022. The revenue from England increased by approximately £8.2 million or 16.2% from approximately £50.8 million in 1H2022 to approximately £59.1 million in 1H2023. While the revenue from Scotland increased by approximately £1.8 million or 25.8% from approximately £7.1 million in 1H2022 to approximately £8.9 million in 1H2023.

Cost of sales

The Target Group’s cost of sales increased by approximately £3.0 million or 10.8%, from approximately £27.7 million in 1H2022 to approximately £30.6 million in 1H2023. This was due to an increase in (i) payroll as a result of the United Kingdom Government increasing the national minimum wage in April 2023; (ii) cost of sales for food and beverages due to inflation in food and beverages prices following the war in Ukraine; and (iii) OTAs commissions, which is a direct correlation to the increase in room revenue and the change in customer mix from corporate volumes and tours & groups to domestic leisure.

Gross profit and gross profit margin

The Target Group’s gross profit increased by approximately £7.1 million or 23.4% from approximately £30.2 million in 1H2022 to approximately £37.3 million in 1H2023 mainly due to the greater percentage increase in revenue of approximately 17.4% as compared to the percentage increase in cost of sales of approximately 10.8% from 1H2022 to 1H2023.

Based on the foregoing, the gross profit margin increased from 52.2% in 1H2022 to 54.9% in 1H2023.

Other income

The Target Group’s other income increased by approximately £43.6 million or 19,361.3% from £0.2 million in 1H2022 to approximately £43.8 million in 1H2023. This was due to the (i) recognition of a reversal of impairment loss on land and buildings in 1H2023 as a result of valuation gains recorded in the valuation conducted in June 2023 for reporting purposes; and (ii) increase in other income.

Administrative expenses

The Target Group’s administrative expenses increased by approximately £4.8 million or 17.6%, from approximately £27.2 million in 1H2022 to approximately £32.0 million in 1H2023. This was due to the increase in (i) property-related expenses as property taxes had been previously discounted by the United Kingdom Government to help the hospitality industry recover from the impact of the COVID-19 pandemic; (ii) management and franchise fees as a result of increase in brand royalties based on full royalty percentages; (iii) utilities costs due to the war in Ukraine and increased electricity tariffs in line with the

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United Kingdom Government’s support for renewable energy; (iv) sales and marketing expenses due to the reversion of digital marketing costs to full charges as discounts were previously provided to help companies recover from the impact of the COVID-19 pandemic; and (v) depreciation expenses due to the direct correlation with the increased capital expenditure by the Target Group.

Other expenses

The Target Group’s other expenses increased by approximately £3.4 million or 4,559.5%, from approximately £0.1 million in 1H2022 to approximately £3.4 million in 1H2023. This was mainly due to the revaluation loss of £3.2 million recorded by DoubleTree by Hilton Hotel & Spa Chester in 1H2023 as a result of the valuation conducted in June 2023 for reporting purposes.

Results from operating activities

The Target Group’s results from operating activities increased by approximately £42.5 million or 1,344.1%, from approximately £3.2 million in 1H2022 to approximately £45.6 million in 1H2023. This was mainly due to the (i) increase of other income from approximately £0.2 million in 1H2022 to approximately £43.8 million in 1H2023; and (ii) increase in gross profit from approximately £30.2 million in 1H2022 to approximately £37.3 million in 1H2023.

The increase in results from operating activities was partially offset by (i) the increase in administrative expenses from approximately £27.2 million in 1H2022 to approximately £32.0 million in 1H2023; and (ii) an increase in other expenses from approximately £0.1 million in 1H2022 to £3.4 million in 1H2023.

Net finance costs

The Target Group’s net finance costs increased by approximately £3.7 million or 25.9%, from approximately £14.1 million in 1H2022 to approximately £17.8 million in 1H2023. This was mainly due to the (i) increase in interest expense related to loans and borrowings from approximately £6.6 million in 1H2022 to approximately £11.1 million in 1H2023 as a result of the increased SONIA base rate; and (ii) increase in interest expense related to loans from intermediate holding companies from approximately £7.5 million in 1H2022 to approximately £9.5 million in 1H2023 as a result of additional injection of loans from the intermediate holding company.

The increase in net finance costs was partially offset by an increase in interest income from approximately £36,000 in 1H2022 to approximately £2.9 million in 1H2023.

Profit/(loss) before tax

The Target Group’s profit before tax increased by approximately £38.8 million or 353.5%, from a loss before tax of approximately £11.0 million in 1H2022 to a profit before tax of approximately £27.8 million in 1H2023. This was mainly due to (i) an increase in other income from approximately £0.2 million in 1H2022 to approximately £43.8 million in 1H2023; and (ii) an increase in gross profit from approximately £30.2 million in 1H2022 to approximately £37.3 million in 1H2023.

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The increase in the Target Group’s profit before tax was partially offset by (i) an increase in administrative expenses from approximately £27.2 million in 1H2022 to approximately £32.0 million in 1H2023; (ii) an increase in net finance costs from approximately £14.1 million in 1H2022 to approximately £17.8 million in 1H2023; and (iii) an increase in other expenses from approximately £0.1 million in 1H2022 to £3.4 million in 1H2023.

8.4 Review of Financial Position

As at 31 December 2020

Non-current assets

As at 31 December 2020, the Target Group’s non-current assets of approximately £359.0 million accounted for approximately 96.6% of total assets. Non-current assets consisted of (i) property, plant and equipment of approximately £358.8 million; and (ii) derivative financial assets of approximately £0.2 million.

As at 31 December 2020, property, plant and equipment of approximately £358.8 million accounted for approximately 99.9% of total non-current assets. Property, plant and equipment at valuation comprised (i) freehold land of approximately £35.3 million; (ii) leasehold land of approximately £61.2 million; and (iii) buildings of approximately £223.5 million. Property, plant and equipment at cost comprised (i) right-of-use assets of approximately £5.6 million; and (ii) fixtures, fittings and equipment of approximately £33.2 million.

As at 31 December 2020, derivative financial assets of approximately £0.2 million accounted for approximately 0.1% of total non-current assets. The Target Group’s derivative financial asset comprised investment in interest rate cap of approximately £0.2 million.

Current assets

As at 31 December 2020, the Target Group’s current assets of approximately £12.8 million accounted for approximately 3.4% of total assets. Current assets consisted of (i) inventories of approximately £0.7 million; (ii) trade and other receivables of approximately £2.8 million; and (iii) cash and cash equivalents of approximately £9.3 million.

As at 31 December 2020, inventories of approximately £0.7 million accounted for approximately 5.6% of total current assets.

As at 31 December 2020, trade and other receivables of approximately £2.8 million accounted for approximately 22.0% of total current assets. Trade and other receivables comprised (i) trade receivables of approximately £0.4 million; (ii) other receivables of approximately £0.2 million; (iii) amount due from immediate holding company of approximately £1.1 million; and (iv) prepayments of approximately £1.1 million.

As at 31 December 2020, cash and cash equivalents of approximately £9.3 million accounted for approximately 72.4% of total current assets. Cash and cash equivalents comprised cash at bank of approximately £9.3 million.

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Non-current liabilities

As at 31 December 2020, the Target Group’s non-current liabilities of approximately £7.9 million accounted for approximately 1.5% of total liabilities. Non-current liabilities comprised (i) loans and borrowings of approximately £5.7 million; and (ii) deferred tax liabilities of approximately £2.2 million.

As at 31 December 2020, loans and borrowings of approximately £5.7 million accounted for approximately 72.8% of total non-current liabilities. Loans and borrowings comprised lease liabilities of approximately £5.7 million.

As at 31 December 2020, deferred tax liabilities of approximately £2.2 million accounted for approximately 27.2% of total non-current liabilities. Deferred tax liabilities comprised deferred tax liabilities from (i) land and buildings of approximately £2.0 million; and (ii) fixtures, fittings and equipment of approximately £0.2 million.

Current liabilities

As at 31 December 2020, the Target Group’s current liabilities of approximately £514.3 million accounted for approximately 98.5% of total liabilities. Current liabilities comprised (i) loans and borrowings of approximately £333.6 million; and (ii) trade and other payables of approximately £180.7 million.

As at 31 December 2020, loans and borrowings of approximately £333.6 million accounted for approximately 64.9% of total current liabilities. Loans and borrowings comprised (i) secured bank loans of approximately £333.6 million; and (ii) lease liabilities of approximately £31,000.

As at 31 December 2020, trade and other payables of approximately £180.7 million accounted for approximately 35.1% of total current liabilities. Trade and other payables mainly comprised (i) loans from a related company of approximately £139.7 million; (ii) loans from intermediate holding companies of approximately £22.6 million; (iii) deferred income of approximately £6.0 million; (iv) interest payable to intermediate holding companies of approximately £1.3 million and to a related company of approximately £2.8 million respectively; (v) accrued operating expenses of approximately £2.7 million; (vi) tax and social security of approximately £2.3 million; (vii) trade amounts due to third parties of approximately £2.2 million; (viii) trade amounts due to intermediate holding companies of approximately £0.1 million; (ix) trade amounts due to a related company of approximately £0.5 million; and (x) other payables of approximately £0.5 million.

Equity

As at 31 December 2020, the Target Group’s equity attributable to owner of the Target Company amounted to approximately £150.4 million and comprised (i) revaluation reserve of approximately £3.7 million; and (ii) accumulated losses of approximately £154.1 million.

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As at 31 December 2021

Non-current assets

As at 31 December 2021, the Target Group’s non-current assets of approximately £394.0 million accounted for approximately 93.6% of total assets. Non-current assets consisted of (i) property, plant and equipment of approximately £392.3 million; and (ii) derivative financial assets of approximately £1.7 million.

As at 31 December 2021, property, plant and equipment of approximately £392.3 million accounted for approximately 99.6% of total non-current assets. Property, plant and equipment at valuation comprised (i) freehold land of approximately £40.1 million; (ii) leasehold land of approximately £68.1 million; and (iii) buildings of approximately £252.9 million. Property, plant and equipment at cost comprised (i) right-of-use assets of approximately £5.6 million; and (ii) fixtures, fittings and equipment of approximately £25.6 million.

As at 31 December 2021, derivative financial assets of approximately £1.7 million accounted for approximately 0.4% of total non-current assets. Derivative financial assets comprised investment in interest rate cap of approximately £1.7 million.

Current assets

As at 31 December 2021, the Target Group’s current assets of approximately £27.1 million accounted for approximately 6.4% of total assets. Current assets consisted of (i) inventories of approximately £0.8 million; (ii) trade and other receivables of approximately £4.1 million; and (iii) cash and cash equivalents of approximately £22.2 million.

As at 31 December 2021, inventories of approximately £0.8 million accounted for approximately 2.8% of total current assets.

As at 31 December 2021, trade and other receivables of approximately £4.1 million accounted for approximately 15.2% of total current assets. Trade and other receivables comprised (i) trade receivables of approximately £2.7 million; (ii) other receivables of approximately £0.5 million; and (iii) prepayments of approximately £0.9 million.

As at 31 December 2021, cash and cash equivalents of approximately £22.2 million accounted for approximately 81.9% of total current assets. Cash and cash equivalents comprised cash at bank of £22.2 million.

Non-current liabilities

As at 31 December 2021, the Target Group’s non-current liabilities of approximately £316.5 million accounted for approximately 56.3% of total liabilities. Non-current liabilities comprised (i) loans and borrowings of approximately £313.2 million; and (ii) deferred tax liabilities of approximately £3.3 million.

As at 31 December 2021, loans and borrowings of approximately £313.2 million accounted for approximately 99.0% of total non-current liabilities. Loans and borrowings comprised (i) secured bank loans of approximately £307.5 million; and (ii) lease liabilities of approximately £5.7 million.

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As at 31 December 2021, deferred tax liabilities of approximately £3.3 million accounted for approximately 1.0% of total non-current liabilities. Deferred tax liabilities comprised deferred tax liabilities from (i) land and buildings of approximately £3.1 million; and (ii) property, plant and equipment of approximately £0.2 million.

Current liabilities

As at 31 December 2021, the Target Group’s current liabilities of approximately £245.6 million accounted for approximately 43.7% of total liabilities. Current liabilities comprised (i) loans and borrowings of approximately £21.8 million; and (ii) trade and other payables of approximately £223.8 million.

As at 31 December 2021, loans and borrowings of approximately £21.8 million accounted for 8.9% of current liabilities. Loans and borrowings comprised (i) secured bank loans of £21.8 million; (ii) lease liabilities of approximately £37,000.

As at 31 December 2021, trade and other payables of approximately £223.8 million accounted for approximately 91.1% of total current liabilities. Trade and other payables comprised mainly (i) trade amounts due to third parties, intermediate holding companies and a related company of approximately £4.5 million, £3.2 million and £3.8 million respectively; (ii) deferred income of approximately £3.9 million; (iii) loans from immediate holding company, intermediate holding companies and a related company of approximately £4.4 million, £44.2 million and £135.3 million respectively; (iv) interest payable to holding companies and related company of approximately £3.5 million and £6.8 million respectively; (v) accrued operating expenses of approximately £10.2 million; (vi) tax and social security of approximately £3.4 million; and (vii) other payables of approximately £0.6 million.

Equity

As at 31 December 2021, the Target Group’s equity attributable to owner of the Target Company amounted to approximately £(141.0) million and comprised (i) revaluation reserve of approximately £8.0 million; and (ii) accumulated losses of approximately £(149.0) million.

As at 31 December 2022

Non-current assets

As at 31 December 2022, the Target Group’s non-current assets of approximately £393.0 million accounted for approximately 91.6% of total assets. Non-current assets consisted of (i) property, plant and equipment of approximately £363.7 million; (ii) derivative financial assets of approximately £12.8 million; and (iii) deferred tax asset of approximately £16.5 million.

As at 31 December 2022, property, plant and equipment of approximately £363.7 million accounted for approximately 92.5% of total non-current assets. Property, plant and equipment at valuation comprised (i) freehold land of approximately £39.1 million; and (ii) leasehold land of approximately £57.9 million; and (iii) buildings of approximately £225.7 million. Property, plant and equipment at cost comprised (i) right-of-use assets of approximately £5.5 million; and (ii) fixtures, fittings and equipment of approximately £35.6 million.

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As at 31 December 2022, derivative financial assets of approximately £12.8 million accounted for approximately 3.3% of total non-current assets. Derivative financial assets comprised investment in interest rate cap of approximately £12.8 million.

As at 31 December 2022, deferred tax asset of approximately £16.5 million accounted for approximately 4.2% of total non-current assets. Deferred tax asset comprised (i) tax losses of approximately £4.5 million; and (ii) fixtures, fittings and equipment of approximately £12.0 million.

Current assets

As at 31 December 2022, the Target Group’s current assets of approximately £36.2 million accounted for approximately 8.4% of total assets. Current assets consisted of (i) inventories of approximately £0.9 million; (ii) trade and other receivables of approximately £6.8 million; and (iii) cash and cash equivalents of approximately £28.5 million.

As at 31 December 2022, inventories of approximately £0.9 million accounted for approximately 2.6% of total current assets.

As at 31 December 2022, trade and other receivables of approximately £6.8 million accounted for approximately 18.8% of total current assets. Trade and other receivables comprised (i) trade receivables of approximately £3.0 million; (ii) other receivables of approximately £1.3 million; and (iii) prepayments of approximately £2.5 million.

As at 31 December 2022, cash and cash equivalents of approximately £28.5 million accounted for approximately 78.6% of total current assets. Cash and cash equivalents comprised cash at bank of approximately £28.5 million.

Non-current liabilities

As at 31 December 2022, the Target Group’s non-current liabilities of approximately £309.9 million accounted for approximately 51.3% of total liabilities. Non-current liabilities comprised (i) loans and borrowings of approximately £306.4 million; and (ii) deferred tax liabilities of approximately £3.5 million.

As at 31 December 2022, loans and borrowings of approximately £306.4 million accounted for approximately 98.9% of total non-current liabilities. Loans and borrowings comprised (i) secured bank loans of approximately £300.7 million; and (ii) lease liabilities of approximately £5.7 million.

As at 31 December 2022, deferred tax liabilities of approximately £3.5 million accounted for approximately 1.1% of total non-current liabilities. Deferred tax liabilities comprised deferred tax liabilities from land and buildings of approximately £3.5 million.

Current liabilities

As at 31 December 2022, the Target Group’s current liabilities of approximately £293.8 million accounted for approximately 48.7% of total liabilities. Current liabilities comprised (i) loans and borrowings of approximately £6.8 million; and (ii) trade and other payables of approximately £287.0 million.

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As at 31 December 2022, loans and borrowings of approximately £6.8 million accounted for approximately 2.4% of current liabilities. Loans and borrowings comprised (i) secured bank loans of approximately £6.8 million; and (ii) lease liabilities of approximately £49,000.

As at 31 December 2022, trade and other payables of approximately £287.0 million accounted for approximately 97.6% of total current liabilities. Trade and other payables comprised mainly (i) trade amounts due to third parties, intermediate holding companies and a related company of approximately £7.0 million, £6.9 million and £4.6 million respectively; (ii) deferred income of approximately £4.5 million; (iii) loans from immediate holding company, intermediate holding companies and a related company of approximately £4.4 million, £93.8 million and £135.3 million respectively; (iv) interest payable to intermediate holding companies and a related company of approximately £10.4 million and £5.1 million respectively; (v) accrued operating expenses of approximately £10.9 million; (vi) tax and social security of approximately £3.5 million; and (vii) other payables of approximately £0.6 million.

Equity

As at 31 December 2022, the Target Group’s equity attributable to owner of the Target Company amounted to approximately £(174.4) million and comprised (i) revaluation reserve of approximately £3.4 million; and (ii) accumulated losses of approximately £(177.8) million.

As at 30 June 2023

Non-current assets

As at 30 June 2023, the Target Group’s non-current assets of approximately £447.2 million accounted for approximately 95.1% of total assets. Non-current assets consisted of (i) property, plant and equipment of approximately £417.8 million; (ii) derivative financial assets of approximately £12.8 million; and (iii) deferred tax asset of approximately £16.5 million.

As at 30 June 2023, property, plant and equipment of approximately £417.8 million accounted for approximately 93.4% of total non-current assets. Property, plant and equipment at valuation comprised (i) freehold land of approximately £44.3 million; (ii) leasehold land of approximately £71.3 million; and (iii) buildings of approximately £259.0 million. Property, plant and equipment at cost comprised (i) right-of-use assets of approximately £5.5 million; and (ii) fixture, fittings and equipment of approximately £37.6 million.

As at 30 June 2023, derivative financial assets of approximately £12.8 million accounted for approximately 2.9% of total non-current assets. Derivative financial assets comprised investment in interest rate cap of approximately £12.8 million.

As at 30 June 2023, deferred tax asset of approximately £16.5 million accounted for approximately 3.7% of total non-current assets.

Current assets

As at 30 June 2023, the Target Group’s current assets of approximately £23.0 million accounted for approximately 4.9% of total assets. Current assets consisted of (i) inventories of approximately £0.9 million; (ii) trade and other receivables of approximately £9.2 million; and (iii) cash and cash equivalents of approximately £12.9 million.

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As at 30 June 2023, inventories of approximately £0.9 million accounted for approximately 3.9% of total current assets. Inventories comprised consumables of approximately £0.9 million.

As at 30 June 2023, trade and other receivables of approximately £9.2 million accounted for approximately 40.0% of total current assets. Trade and other receivables comprised (i) trade receivables of approximately £3.0 million; (ii) other receivables of approximately £1.1 million; and (iii) prepayments of approximately £5.1 million.

As at 30 June 2023, cash and cash equivalents of approximately £12.9 million accounted for approximately 56.1% of total current assets. Cash and cash equivalents comprised cash at bank of approximately £12.9 million.

Non-current liabilities

As at 30 June 2023, the Target Group’s non-current liabilities of approximately £297.5 million accounted for approximately 67.3% of total liabilities. Non-current liabilities comprised (i) loans and borrowings of approximately £294.0 million; and (ii) deferred tax liabilities of approximately £3.5 million.

As at 30 June 2023, loans and borrowings of approximately £294.0 million accounted for approximately 98.8% of total non-current liabilities. Loans and borrowings comprised (i) secured bank loans of approximately £288.3 million; and (ii) lease liabilities of approximately £5.7 million.

As at 30 June 2023, deferred tax liabilities of approximately £3.5 million accounted for approximately 1.2% of total non-current liabilities. Deferred tax liabilities comprised deferred tax liabilities from property, plant and equipment.

Current liabilities

As at 30 June 2023, the Target Group’s current liabilities of approximately £144.6 million accounted for approximately 32.7% of total liabilities. Current liabilities comprised (i) loans and borrowings of approximately £6.8 million; and (ii) trade and other payables of approximately £137.8 million.

As at 30 June 2023, loans and borrowings of approximately £6.8 million accounted for approximately 4.7% of current liabilities. Loans and borrowings comprised (i) secured bank loans of approximately £6.8 million; and (ii) lease liabilities of approximately £49,000.

As at 30 June 2023, trade and other payables of approximately £137.8 million accounted for approximately 95.3% of total current liabilities. Trade and other payables comprised mainly (i) trade amounts due to third parties, intermediate holding companies and related companies of approximately £9.6 million, £8.1 million and £3.8 million respectively; (ii) deferred income of approximately £6.2 million; (iii) loans from a related company of approximately £96.1 million; (iv) interest payable to a related company of £0.1 million; (v) accrued operating expenses of approximately £9.3 million; (vi) tax and social security payable of approximately £4.1 million; and (vii) other payables of approximately £0.5 million.

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Equity

As at 30 June 2023, the Target Group’s equity attributable to owner of the Target Company amounted to approximately £28.1 million and comprised (i) share capital of approximately £161.2 million; (ii) revaluation reserve of approximately £16.9 million; and (iii) accumulated losses of approximately £(150.0) million.

8.5 Liquidity and Capital Resources

As at the Latest Practicable Date, the Target Group financed operations through internal and external sources. Internal sources of funds comprise net cash generated from the Target Group’s operating activities. External sources of funds comprise mainly loans and borrowings from banks and financial institutions, credit granted by suppliers and capital investment from shareholders. The principal uses of these cash sources are to finance cost of sales, administrative expenses, capital expenditure and interest expense on the Senior Loan and the Mezzanine Loan.

The following table sets out a summary of the Target Group’s cash flows for the Period Under Review.

(£'000)	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)	1H2022 (Unaudited)	1H2023 (Unaudited)
Net cash generated from / (used in) operating activities	(27,168)	12,346	14,162	4,718	5,963
Net cash (used in) investing activities	(2,703)	(4,917)	(19,744)	(6,035)	(4,118)
Net cash generated from / (used in) financing activities	6,232	5,494	11,864	2,843	(17,435)
Net increase/ (decrease) in cash and cash equivalents	(23,639)	12,923	6,282	1,526	(15,590)
Cash and cash equivalents at the beginning of the financial year/ period	32,909	9,270	22,193	22,193	28,475
Cash and cash equivalents at the end of the financial year/ period	9,270	22,193	28,475	23,719	12,885

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FY2020

In FY2020, the Target Group recorded net cash used in operating activities of approximately £27.2 million, which was a result of (i) operating losses before working capital changes of approximately £15.9 million; and (ii) net working capital outflow of approximately £11.3 million.

The net working capital inflows were due to the following:

- (a) a decrease in trade and other receivables of approximately £4.9 million; and
- (b) a decrease in inventories of approximately £0.2 million.

The above working capital outflow was partially offset by a decrease in trade and other payables of approximately £16.4 million.

Net cash used in investing activities amounted to approximately £2.7 million, which was attributable to the (i) purchase of property, plant and equipment of approximately £2.5 million; and (ii) acquisition of other financial assets of approximately £0.2 million.

Net cash generated from financing activities amounted to approximately £6.2 million, which was attributable to the proceeds of loans from intermediate holding companies of approximately £23.7 million. The net cash generated from financing activities was partially offset by (i) repayment of secured bank loans of approximately £3.9 million, (ii) interest paid on secured bank loans of approximately £13.1 million; and (iii) payment of lease liabilities of £0.5 million.

As at 31 December 2020, the Target Group’s cash and cash equivalents were approximately £9.3 million.

FY2021

In FY2021, the Target Group recorded net cash generated from operating activities of approximately £12.3 million, which was a result of (i) operating profit before working capital changes of approximately £9.8 million; and (ii) net working capital inflows of approximately £2.5 million.

The net working capital inflows were due to an increase in trade and other payables of approximately £4.1 million and partially offset by:

- (a) an increase in inventories of approximately £0.3 million; and
- (b) an increase in trade and other receivables of approximately £1.3 million.

Net cash used in investing activities amounted to approximately £4.9 million, which was attributable to the (i) purchase of property, plant and equipment of approximately £3.2 million; and (ii) acquisition of other financial assets of approximately £1.7 million.

Net cash generated from financing activities amounted to approximately £5.5 million, which was attributable to the (i) proceeds of loan from immediate holding company of approximately £4.4 million; and (ii) proceeds of loans from intermediate holding companies of approximately £20.4 million. The net cash generated from financing

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activities was partially offset by (i) repayment of secured bank loans of approximately £6.8 million; (ii) interest paid on secured bank loans of approximately £12.1 million; and (iii) payment of lease liabilities of approximately £0.4 million.

As at 31 December 2021, the Target Group’s cash and cash equivalents were approximately £22.2 million.

FY2022

In FY2022, the Target Group recorded net cash generated from operating activities of approximately £14.2 million, which was a result of (i) operating profit before working capital changes of approximately £19.1 million; and (ii) net working capital outflow of approximately £4.9 million.

The net working capital outflow was due to a decrease in trade and other payables of approximately £2.1 million and partially offset by:

- (a) an increase in inventories of approximately £0.3 million; and
- (b) an increase in trade and other receivables of approximately £2.5 million.

Net cash used in investing activities amounted to approximately £19.7 million, which was attributable to the purchase of property, plant and equipment.

Net cash generated from financing activities amounted to approximately £11.9 million, which was attributable to proceeds from loans from intermediate holding companies of approximately £49.6 million and mostly offset by (i) repayment of secured bank loans of approximately £21.8 million; (ii) interest paid on secured bank loans of approximately £15.5 million; and (iii) payment of lease liabilities of £0.4 million.

As at 31 December 2022, the Target Group’s cash and cash equivalents were approximately £28.5 million.

1H2022

In 1H2022, the Target Group recorded net cash generated from operating activities of approximately £4.7 million, which was a result of (i) operating profit before working capital changes of approximately £9.3 million; and (ii) net working capital outflow of approximately £4.6 million.

The net working capital outflow was due to the following:

- (a) a decrease in trade and other payables of approximately £1.3 million; and
- (b) a decrease in inventories of approximately £7,000.

The above working capital inflows were partially offset by an increase in trade and other receivables of approximately £5.9 million.

Net cash used in investing activities amounted to approximately £6.0 million, which was attributable to the purchase of property, plant and equipment.

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Net cash generated from financing activities amounted to approximately £2.8 million, which was attributable to (i) proceeds from loan from an intermediate holding company of approximately £27.9 million. The net cash generated from financing activities was partially offset by (i) repayment of secured bank loans of £18.4 million; and (ii) interest paid on secured bank loans of approximately £6.6 million.

As at 30 June 2022, the Target Group’s cash and cash equivalents were approximately £23.7 million.

1H2023

In 1H2023, the Target Group recorded net cash generated from operating activities of approximately £6.0 million, which was a result of (i) operating profit before working capital changes of approximately £11.8 million; and (ii) net working capital outflow of approximately £5.9 million.

The net working capital outflow was due to the following:

- (a) a decrease in trade and other payables of approximately £3.6 million; and
- (b) a decrease in inventories of approximately £30,000.

The above working capital inflows were partially offset by an increase in trade and other receivables of approximately £2.3 million.

Net cash used in investing activities amounted to approximately £4.1 million, which was mainly attributable to (i) purchase of property, plant and equipment of approximately £6.9 million; and (ii) bank charges paid of approximately £49,000. This was partially offset by (i) interest received of approximately £0.2 million; and (ii) income from derivative financial assets received of approximately £2.6 million.

Net cash used in financing activities amounted to approximately £17.4 million, which was attributable to (i) repayment of secured bank loans of approximately £12.4 million; and (ii) interest paid on secured bank loans of approximately £11.1 million. The net cash used in financing activities was partially offset by proceeds from loan from an intermediate holding company of approximately £6.1 million.

As at 30 June 2023, the Target Group’s cash and cash equivalents were approximately £12.9 million.

In assessing whether the Target Group has sufficient working capital, the Proposed New Board has considered the following:

- (a) The Target Group was in a net current liabilities position of £257.6 million and £121.7 million as at 31 December 2022 and 30 June 2023 respectively. After the Pro Forma Adjustments and the reclassification of the Assigned Dees Supreme Loan (supported by an undertaking such that the repayment is not due within 18 months from the date of lodgement of this Circular) to non-current liabilities, the Target Group’s working capital was positive at £13.6 million as at 31 December 2022 but was negative at £13.4 million as at 30 June 2023³⁵;

³⁵ The decrease in *pro forma* working capital from 31 December 2022 to 30 June 2023 was due primarily to a partial principal repayment of approximately £9.7 million on the Mezzanine Loan on 14 April 2023 (see Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings*” for further information), cladding expenditure of approximately £5.7 million and Property Improvement Plan of £0.6 million.

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- (b) Notwithstanding that the Target Group was in a net current liabilities position as at 30 June 2023, the Target Group’s working capital can be further adjusted after taking into consideration the following:
- (i) Certain deferred income of the Target Group as at 30 June 2023 amounting to £3.5 million are non-refundable comprising prepayments by customers who have made reservations for rooms and events space for future dates. As such, the amount of £3.5 million can be excluded from the working capital analysis of the Target Group; and
 - (ii) In addition, as mentioned in Section 13.3 of this Target’s Letter to Shareholders titled “*Present and Ongoing Interested Person Transactions – Deferral by Dees Supreme Limited and DTP of outstanding trade amounts*”, the outstanding trade amounts of £11.4 million as at 30 June 2023 have been deferred to 30 June 2025 pursuant to the agreements referred to above. Accordingly, as the trade amount of £11.4 million is not due within 18 months from the date of lodgement of this Circular, this amount can also be excluded from the working capital analysis of the Target Group.

After adjusting for the above exclusions, the Target Group’s adjusted current liabilities as at 30 June 2023 shall be reduced by £14.9 million and the Target Group’s adjusted *pro forma* working capital as at 30 June 2023 was positive at £1.5 million;

- (c) The Target Group had generated negative cash flow from operating activities of £27.2 million in FY2020. Since FY2021, the Target Group had positive cash flows from operating activities amounting to £12.3 million, £14.2 million and £6.0 million in FY2021, FY2022 and 1H2023 respectively;
- (d) As at 30 June 2023 and as at the Latest Practicable Date, the Target Group had capital commitments of £5.6 million and £7.0 million respectively, as disclosed in Section 8.6 of this Target’s Letter to Shareholders titled “*Capital Expenditure and Divestments and Commitments – Capital Expenditure Plans*”; and
- (e) The Target Group had cash and cash equivalents of approximately £24.9 million on a *pro forma* basis as at 30 June 2023. As at 30 November 2023, the Target Group has cash and cash equivalents of approximately £11.5 million, and had further drawn down £12.0 million of the Additional DTP Inter Holdings Loan as disclosed in Section 13.3 of this Target’s Letter to Shareholders titled “*Present and Ongoing Interested Person Transactions – Additional DTP Inter Holdings Loan*”.

Taking into account the above and the Target Group’s existing cash and bank deposits and unutilised facilities as at the date of lodgement of this Circular, the Proposed New Board is of the reasonable opinion that, after having made due and careful enquiry, the working capital available to the Target Group as at the date of lodgement of this Circular is sufficient for the Target Group’s present working capital requirements and for at least 18 months after Closing. The Proposed New Board is also of the view that the working capital sufficiency will not be affected should the interest rates of the Senior Loan and the Mezzanine Loan increase due to the interest rate hedging arrangements which ensure that the weighted average effective interest rate of the Enlarged Group is fixed at 5.7% per annum for at least 12 months after Closing. In addition, the Target Group will be putting in place appropriate hedging arrangements to cover the interest rate risk for at least the further 6 months period in the event that interest rates were to increase substantially,

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which accords with the disclosure in Section 8.12 of this Target’s Letter to Shareholders titled “*Interest Rate Management*”.

Taking into account the above and the Target Group’s existing cash and bank deposits and unutilised facilities as at the date of lodgement of this Circular, the Sponsor is of the reasonable opinion that, after having made due and careful enquiry, the working capital available to the Target Group as at the date of lodgement of this Circular is sufficient for the Target Group’s present working capital requirements and for at least 18 months after Closing.

As at the Latest Practicable Date, the total outstanding capital expenditure required for the Target Group’s capital expenditure plans as mentioned in Section 8.6 of this Target’s Letter to Shareholders titled “*Capital Expenditure and Divestments and Commitments – Capital Expenditure Plans*” is £53.3 million, however, only the Cladding Programme and the Property Improvement Plan with outstanding amount of £14.4 million is considered as mandatory capital expenditure. As such, only the mandatory capital expenditure has been taken into account for the working capital sufficiency assessment. As at the Latest Practicable Date, the Target Group has not started on the Room Additions, the Spa Enhancements, the Bedroom Refurbishment and the Other Asset Enhancements (collectively, the “**Planned Improvements**”), and no commitment has been made with any suppliers in relation to the Planned Improvements, and hence it has not been considered for the working capital sufficiency confirmations. While the Planned Improvements are expected to improve the revenue of the Target Group, any delay to the Planned Improvements would result in a delay to the additional revenue expected to be realised in respect of the Planned Improvements but would not have an adverse impact on the Target Group’s financials or operations as these Planned Improvements are enhancements in nature rather than required for purposes of maintaining the current state of the Hotels.

The working capital sufficiency confirmations by the Proposed New Board and the Sponsor have taken into account the planned debt restructuring in the next 18 months after Closing but has not taken into account any planned capital expenditure (save for committed capital works as disclosed in “*Independent Auditors’ Review Report and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023*” as set out in Appendix C to this Circular) that will be funded by internal and external sources of funds. Such planned but uncommitted capital expenditure are not part of the property improvements committed under the Hotel Franchise Agreements (see paragraph above). The only property improvement committed under the relevant Hotel Franchise Agreements is the Property Improvement Plan. In the event that the Target Group fails to obtain new banking facilities or internally generated sources of funds are insufficient, the Target Group will delay the implementation of planned but uncommitted capital expenditure until such time as it can be funded by cash flows from operations. For the avoidance of doubt, committed capital works as disclosed in “*Independent Auditors’ Review Report and Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023*” will be funded by cash flows from operations, and have been taken into account by the Proposed New Board and the Sponsor in their working capital sufficiency confirmations.

In addition, the working capital sufficiency confirmations by the Proposed New Board and the Sponsor are also supported by the undertaking to capitalise the trade payables and loans and interest due to the DTGO Group as described in Section 13.3 of this Target’s Letter to Shareholders titled “*Present and Ongoing Interested Person Transactions*”.

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8.6 Capital Expenditure and Divestments and Commitments

Capital Expenditure and Divestments

The capital expenditures and divestments made by the Target Group during the Period Under Review and up to the Latest Practicable Date were as follows:

(£'000)	FY2020	FY2021	FY2022	1H2023	From 1 July 2023 to the Latest Practicable Date
Capital Expenditure					
Purchase of property, plant and equipment	3,336	3,175	19,744	6,949	6,563

In FY2020, the Target Group’s total capital expenditure incurred was approximately £3.3 million for general FF&E expenditure.

In FY2021, the Target Group’s total capital expenditure incurred was approximately £3.2 million comprising (i) approximately £2.1 million for general FF&E expenditure; and (ii) approximately £1.1 million for cladding expenditure.

In FY2022, the Target Group’s total capital expenditure incurred was approximately £19.7 million comprising (i) approximately £14.6 million for cladding expenditure; and (ii) approximately £5.1 million for general FF&E expenditure.

In 1H2023, the Target Group’s total capital expenditure incurred was approximately £6.9 million comprising (i) approximately £3.9 million for cladding expenditure; (ii) approximately £2.0 million for general FF&E expenditure; and (iii) approximately £1.0 million for Property Improvement Plan expenditure.

The above capital expenditures were primarily financed by (i) internally generated resources; (ii) loans from immediate holding company, intermediate holding companies and a related company; and (iii) secured bank loans.

There were no capital divestments for the Period Under Review.

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Capital Commitments

As at 30 June 2023 and the Latest Practicable Date, the capital commitments of the Target Group were as follows:

(£'000)	As at 30 June 2023	As at the Latest Practicable Date
Committed Cladding balance	2,857	1,387
Committed Property Improvement Plan balance	2,556	5,239
Committed FF&E balance	200	300
Total	<u>5,613</u>	<u>6,926</u>

As at 30 June 2023, the capital commitments relate to the balance of the capital expenditure that the Target Group has committed for in respect of the cladding works of approximately £2.9 million, Property Improvement Plan of approximately £2.6 million, and other general FF&E expenditure of approximately £0.2 million.

As at the Latest Practicable Date, the capital commitments relate to the balance of the capital expenditure that the Target Group has committed for in respect of the cladding works of approximately £1.4 million, Property Improvement Plan of approximately £5.2 million and other general FF&E expenditure of approximately £0.3 million. The Target Group expects to finance these capital commitments by internally generated resources and cash that has been earmarked for the cladding costs.

Capital Expenditure Plans

The following table summarises the Target Group’s capital expenditure plans. Save for the capital expenditure plans which are mandatory (as described in the table below), the capital expenditures listed below are budgeted expenditures only, and these amounts have not been committed and may change in the future as the Target Group’s business develops. The Target Group expects to fund these expenditures through internal and external sources of funds.

The Target Group routinely reviews its capital investments to ensure they generate the Target Group’s expected returns. The frequency of such reviews by the Target Group varies depending on various requirements, including size, complexity and timeline of the proposed capital investment. Prior to approval of the proposed capital investment, it is typical for reviews to occur daily. Once the capital investment is approved and there is greater certainty on the costs and expected returns, the Target Group’s ongoing capital investment projects are reviewed and reported on weekly. Post Closing, the proposed Chief Financial Officer will be responsible for monitoring of capital expenditures, and will report on a quarterly basis to the Proposed New Board.

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Capital Expenditure Plans	Type ⁽¹⁾	Indicative Total Amount ⁽²⁾ (£'million)	Amount incurred as at Latest Practicable Date (£'million)	Amount outstanding as at Latest Practicable Date (£'million)	Estimated Commencement Date	Estimated Completion Date
Property Improvement Plan ⁽³⁾	Mandatory	16.4	3.4	13.0	October 2022	End-August 2024
Cladding Programme ⁽⁴⁾	Mandatory	22.4	21.0	1.4	August 2021	July 2023 ⁽⁵⁾
Room Additions ⁽⁶⁾	Discretionary	25.2	–	25.2	Beginning of 2024	End of 2026
Spa Enhancement ⁽⁷⁾	Discretionary	0.4	–	0.4	Beginning of 2024	End of 2026
Bedroom Refurbishment ⁽⁸⁾	Discretionary	4.4	–	4.4	Beginning of 2024	End of 2026
Other Asset Enhancements ⁽⁹⁾	Discretionary	8.9	–	8.9	Beginning of 2024	End of 2026

Notes:

- (1) Mandatory capital expenditure refers to capital expenditure that the Target Group is contractually obliged to undertake, while discretionary capital expenditure refers to capital expenditure which the Target Group is not contractually obliged to undertake and retains discretion in regard to the timing and amount of such capital expenditure.
- (2) Quantum refers to the total amount of capital expenditure including any previous amounts incurred and future amounts to be incurred in order to complete the capital expenditure plans.
- (3) Please refer to Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths – The Target Company is well-positioned for monetisation post transformational capital expenditure*” for further information on the Property Improvement Plan which commenced in October 2022 and is currently expected to be completed by end-August 2024. The Target Group is contractually obliged to execute the Property Improvement Plan under the terms of the Hotel Franchise Agreements. For the avoidance of doubt, the agreed completion date of the Property Improvement Plan in respect of each relevant Hilton Hotel differs, and ranges from April 2024 to end-August 2024. While the Target Group proceeded with the Property Improvement Plan in October 2022, as work in the initial months was focused on design and conceptualisation of the Property Improvement Plan, expenses relating to the Property Improvement Plan were incurred only from FY2023 onwards.
- (4) Please refer to Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths – The Target Company is well-positioned for monetisation post transformational capital expenditure*” for further information on the Cladding Programme.
- (5) While the Cladding Programme was completed in July 2023, there was an outstanding retention sum of approximately £1.4 million which is payable after the project completion in the 6-month financial period ending 31 December 2023 and FY2024. Please refer to Section 8.6 of this Target’s Letter to Shareholders titled “*Capital Expenditure and Divestments and Commitments – Capital Commitments*” for further information.
- (6) Please refer to Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths – Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment*” for further information on the Room Additions.
- (7) Please refer to Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths – Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment*” for further information on the Spa Enhancement.
- (8) Please refer to Section 5.2 of this Target’s Letter to Shareholders titled “*Competitive Strengths – Value-added opportunity from room additions, spa facilities improvement and bedroom refurbishment*” for further information on the Bedroom Refurbishment.
- (9) Other Asset Enhancements refers to asset improvements including, *inter alia*, replacement of air-conditioning units and building improvement such as upgrading of lifts and carpark resurfacing.

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The Target Group and Valor maintain a shortlist of contractors for capital expenditure projects which includes construction, design, structural, mechanical and electrical engineering, architectural and quantity surveying firms. Depending on the nature of the capital expenditure project, the Target Group will work with Valor to select the most appropriate combination of contractors, considering factors such as price and location.

Operating Lease Commitments

Following the Target Group’s adoption of the lease standards under IFRS 16, where all leases are capitalised on the statement of financial position by recognising a right-of-use asset and a corresponding lease liability, the Target Group does not have material operating lease commitments as at 30 June 2023 and the Latest Practicable Date.

8.7 Contingent Liabilities

As at the Latest Practicable Date, the Target Group does not have any contingent liabilities, which may have a material effect on the financial position and profitability of the Target Group.

8.8 Significant Investment

The Target Group did not hold any significant equity interest in any other company for FY2022.

8.9 Off-Balance Sheet Arrangements

For FY2022, the Target Group did not have any material off-balance sheet arrangements.

8.10 Seasonality

The Target Group’s business activities are subject to seasonal fluctuations within each of the Period Under Review.

Please refer to Section 4.17 of this Target’s Letter to Shareholders titled “*Seasonality*” for more information.

8.11 Inflation

Inflation has resulted in an increase in the cost of sales such as payroll and cost of sales for food and beverages as well as administrative expenses such as utilities which has a direct impact on the gross profit margins and profitability of the Target Group. The cost of inflation is partially offset by the increase in ADR for the Hotels for the Period Under Review.

8.12 Interest Rate Management

The Target Group holds interest rate caps to mitigate the Target Group’s interest exposure on loans and borrowings. As at 31 December 2022, the fair value of the interest rate caps was approximately £12.8m.

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Save for the interest rate hedging arrangements required under the Senior Loan and the Mezzanine Loan, the Target Group does not have any formal policy for hedging against interest rate exposure, save for the requisite arrangements under the Senior Loan and the Mezzanine Loan. The Target Group currently has sufficient measures in place to mitigate borrowing risks, but will continue to monitor interest rate exposure and may employ hedging instruments to manage interest rate exposure should the need arise. Prior to implementing any formal hedging policies, the Target Group will seek the approval of the Proposed New Board on the policy and put in place adequate procedures which shall be reviewed and approved by the relevant board committee. Thereafter, all hedging transactions entered into by the Target Group will be in accordance with the set policies and procedures.

8.13 Foreign Exchange Management

Foreign Exchange Exposure

The Target Group’s functional and reporting currency is the Great British Pound (£) and operations are primarily carried out in the United Kingdom. As majority of the Target Group’s transactions are denominated in its functional currency, there is no significant exposure to foreign exchange risks.

In view of the above, the Target Group presently does not have any formal policy for hedging against foreign exchange exposure. The Target Group will continue to monitor foreign exchange exposure and may employ hedging instruments to manage foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, the Target Group will seek the approval of the Board on the policy and put in place adequate procedures which shall be reviewed and approved by the relevant Board committee. Thereafter, all hedging transactions entered into by the Target Group will be in accordance with the set policies and procedures.

8.14 Significant Accounting Policy Changes

There has been no material change in the accounting policies for the Target Group during the Period Under Review. A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Target Group has not early adopted the new or amended standards in preparing these financial statements. In any event, early adoption of the new or amended standards would not have resulted in any material change to the “*Independent Auditors’ Report and the Audited Combined Financial Statements of the Target Group for the years ended 31 December 2020, 2021 and 2022*” or the “*Independent Auditors’ Review Report and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023*” as set out in Appendix B and Appendix C to this Circular respectively.

The following amendments to the IFRSs are not expected to have a significant impact on the Target Group’s combined financial statements and the Company’s statement of financial position.

- (a) IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts;
- (b) Classifications of Liabilities as Current or Non-current (Amendments to IAS I);

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- (c) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- (d) Definitions of Accounting Estimates (Amendments to IAS 8); and
- (e) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The application of new and amended accounting standards for the annual period beginning on 1 January 2023 will not have a material effect on the Target Group’s financial statements for the Period Under Review.

Aside from new and amended accounting standards, the Target Group does not intend to change its accounting policies in the next 12 months.

9. CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the full text of this Circular, including the “Independent Auditors’ Report and the Audited Combined Financial Statements of the Target Group for the years ended 31 December 2020, 2021 and 2022” and “Independent Auditors’ Review Report and the Unaudited Condensed Combined Interim Financial Statements of the Target Group for the six months ended 30 June 2023” as set out in Appendix B and Appendix C to this Circular respectively, shows the Target Group’s cash and cash equivalents, capitalisation and indebtedness, which is prepared based on:

- (a) the Target Group’s audited combined financial statements for the financial year ended 31 December 2022 and unaudited combined financial statements for the financial period ended 30 June 2023 after the *pro forma* adjustments made in the “Independent Auditors’ Report and the Pro Forma Financial Information of the Target Group for the year ended 31 December 2022 and the six months ended 30 June 2023” as set out in Appendix D to this Circular (the “**Pro Forma Adjustments**”);
- (b) the Target Group’s unaudited combined management accounts as at 31 October 2023 as adjusted for the Pro Forma Adjustments; and

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- (c) the Target Group’s unaudited combined management accounts as at 30 November 2023 as adjusted for the Additional DTP Inter Holdings Loan and net proceeds from the Proposed Compliance Placement, after deducting the estimated expenses in connection with the Proposed Transactions.

(£'000)	As at 31 December 2022	As at 30 June 2023	As at 30 November 2023	As at 30 November 2023 and adjusted for the Additional DTP Inter Holdings Loan and net proceeds from the Proposed Compliance Placement ⁽¹⁾
Cash and bank balances	28,475	12,885	11,516	63,540
Current				
Secured and guaranteed	–	–	–	–
Secured and non-guaranteed	6,800	6,800	6,800	6,800
Non-secured and guaranteed	–	–	–	–
Non-secured and non-guaranteed ⁽²⁾	249,022	96,266	36,266	36,266
Non-current				
Secured and guaranteed	–	–	–	–
Secured and non-guaranteed	300,741	288,292	285,596	285,596
Non-secured and guaranteed	–	–	–	–
Non-secured and non-guaranteed	5,705	5,705	5,705	17,705
Total indebtedness	562,268	397,063	334,367	346,367
Total shareholders’ equity	(174,407)	28,056	88,056	128,080
Total capitalisation and indebtedness	387,861	425,119	422,423	474,447

Notes:

- (1) Assuming full allotment and issue of the Company Placement Shares and net proceeds from the Proposed Compliance Placement of approximately S\$67.5 million (£40.0 million) based on the closing exchange rate at the Latest Practicable Date.
- (2) Including loans from immediate holding company, intermediate holding companies, a related company, interest payable which are classified under trade and other payables and lease liabilities.

As at the Latest Practicable Date, save for (i) the changes in working capital; and (ii) the changes in shareholders’ equity and reserves arising from day-to-day operations in the ordinary course of business, there were no material changes to capitalisation and indebtedness as disclosed above.

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Assuming the Pro Forma Adjustments made, the Target Group would have a gearing ratio, determined based on net borrowings (calculated as the sum of (i) secured bank loans; (ii) lease liabilities; (iii) loan from immediate holding company; (iv) loan from intermediate holding companies; (v) loan from a related company; and (vi) interest payable, less cash and cash equivalents) divided by shareholders’ equity of 368% as at 30 June 2023 respectively.

Assuming the full allotment and issue of the Company Placement Shares and net proceeds from the Proposed Compliance Placement of S\$67.5 million (£40.0 million) with S\$55.0 million (£32.6 million) used for the partial repayment of the DTP Inter Holdings Loan, the Target Group’s gearing ratio will be further adjusted from 368% to 222% as at 30 June 2023.

The Proposed New Board and Proposed New Executive Officers will continue to explore various strategies including, but not limited to, tapping onto the public equity markets to raise funds to reduce its leverage by repaying its borrowings.

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9.1 Borrowings

As at 30 June 2023, the Target Group had aggregate borrowings of £300.8 million (which includes obligations under lease liabilities). In addition, the Target Group has received loans from controlling shareholders and their associates, most of which have been fully repaid with the exception of the DTP Inter Holdings Loan, a portion of which will remain outstanding post-Closing. See Sections 13.2 and 13.3 of this Target’s Letter to Shareholders titled “*Past Interested Person Transactions – Provision of loans by controlling shareholders and their associate to the Target Group*” and “*Present and Ongoing Interested Person Transactions – Provision of loans by DTP Inter Holdings to the Target Group*” for further information.

Save for obligations under lease liabilities, the Target Group’s third-party borrowings comprise secured term loan facilities. The table below sets forth certain information about the Target Group’s credit facilities as at 30 June 2023:

Facility Description (Purpose)	Lender(s)	Borrower	Original facility amount (£'000)	Principal amount outstanding as at 30 June 2023 (£'000)	Interest rate	Date of facility commencement	Maturity profile	Brief overview of material security provided
Secured term loan facility (senior financing) Please refer to the Section of this Target’s Letter to Shareholders titled “ <i>Senior Facility Agreement and Mezzanine Facility Agreement – Background and Purpose</i> ” below for details.	Magenta 2020 (originally Goldman Sachs Bank USA)	DTP Subholdco Limited	274,749	245,100	For each day during an interest period, the percentage rate per annum which is the aggregate of: ³⁶ (a) the Margin; (b) the applicable SONIA rate for that day; and (c) a credit adjustment spread of 0.04 per cent. per annum. The Margin is the higher of: (a) 2.78 per cent.; and (b) $\frac{(3.50\% \times A) - (B \times C)}{D}$, where: A = the aggregate of (i) the Senior Loan outstanding under the Senior Facility Agreement and (ii) the Mezzanine Loan outstanding under the Mezzanine Facility Agreement on such date;	10 December 2019	Two (2) business days before 20 December 2024	(a) Security over the shares of certain Target Group Companies; (b) Security over the assets of certain Target Group Companies (excluding for the avoidance of doubt, DTP Regional Hospitality Group Limited and DTP Hospitality Assets owned by the Target Group (please refer to Section 4.4.1 of this Target’s Letter to Shareholders titled “ <i>Information Relating to the Hospitality Assets</i> ”); and

³⁶ The effective interest rate of the Senior Loan as at the Latest Practicable Date is 5.07% calculated based on SONIA (capped at 2.25% pursuant to hedging arrangements) with a 2.78% spread plus a credit adjustment spread of 0.04%.

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Facility Description (Purpose)	Lender(s)	Borrower	Original facility amount (£'000)	Principal amount outstanding as at 30 June 2023 (£'000)	Interest rate	Date of facility commencement	Maturity profile	Brief overview of material security provided
Secured term loan (mezzanine financing)	Athora LUX Administration S.à.r.l	Regional Hospitality Group Limited	65,251	49,992 ³⁷	For each day during an interest period, the percentage rate per annum which is the aggregate of: ³⁸	10 December 2019	Two (2) business days before 20 December 2024	(c) Assignment of rental income derived from Crowne Plaza Hotel Glasgow and Hilton Garden Inn Glasgow City Centre, (collectively, the "Common Security") Certain Target Group Companies also each provide a joint and several guarantee in respect of the obligations of the borrower under the Senior Facility Agreement.
Please refer to the Section of this Target's Letter to Shareholders titled "Senior Facility Agreement and Mezzanine Facility Agreement – Background and Purpose" below for details.	Aspen Bermuda Limited AGRE DEBT – TRF 1 S.à.r.l.				(a) 6.5 per cent. per annum; and (b) the applicable SONIA rate for that day (taking into account a credit adjustment spread of 0.1193 per cent. per annum)			Same security as for the Senior Facility Agreement, with the addition of security over the assets of DTP Regional Hospitality Group Limited and DTP Hospitality Ltd.
								Certain Target Group Companies also each provide a joint and several guarantee in respect of the obligations of the borrower under the Mezzanine Facility Agreement.

B = the Margin under the Mezzanine Facility Agreement on such date;

C = the Mezzanine Loan outstanding under the Mezzanine Facility Agreement on such date; and

D = the Senior Loan outstanding under the Senior Facility Agreement on such date.

- 37 There was a partial principal repayment of approximately £9.7 million on the Mezzanine Loan on 14 April 2023. The principal amount outstanding under the Mezzanine Loan immediately after such repayment, and as at 30 June 2023, was £49,992,000.
- 38 The effective interest rate of the Mezzanine Loan as at the Latest Practicable Date is 8.87% calculated based on SONIA (capped at 2.25% pursuant to hedging arrangements) with a 6.50% spread and a credit adjustment spread of 0.1193%.

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Senior Facility Agreement and Mezzanine Facility Agreement

Background and purpose

The Target Group acquired the portfolio of Hospitality Assets in December 2019, funded in part by:

- (a) senior loan financing (the “**Senior Loan**”) from Goldman Sachs Bank USA (the “**Senior Loan Seller**”) pursuant to a senior facility agreement dated 10 December 2019 (the “**Senior Facility Agreement**”) entered into between (amongst others) DTP Subholdco Limited, as borrower and the Senior Loan Seller, as lender; and
- (b) mezzanine loan financing (the “**Mezzanine Loan**”) from Athora Lux Loan Administration S. à r.l, Aspen Bermuda Limited, AGRE DEBT – TRF 1 S.à r.l. and Ionic Securitization S.à r.l. acting in respect of its Compartment Mauve, each of which is an affiliate of Apollo Management International LLP and its affiliated entities (collectively, the “**Mezzanine Lenders**”) pursuant to a mezzanine facility agreement dated 10 December 2019 (the “**Mezzanine Facility Agreement**”, and together with the Senior Facility Agreement, the “**Facility Agreements**”) entered into between (amongst others) DTP Regional Hospitality Group Limited, as borrower and the Mezzanine Lenders, as lenders.

In March 2020, the Senior Loan Seller sold to Magenta 2020 plc. (“**Magenta**” or the “**Senior Lender**”) the Senior Loan together with all right, title and interest of the Senior Loan Seller in respect thereof (including as to security) under the Senior Loan financing documents.

The purchase price was funded in part by the issuance by Magenta of £115,300,000 Class A commercial mortgage backed notes due 2029 (“**Class A Notes**”), £42,000,000 Class B commercial mortgage backed notes due 2029 (“**Class B Notes**”), £40,000,000 Class C commercial mortgage backed notes due 2029 (“**Class C Notes**”), £45,000,000 Class D commercial mortgage backed notes due 2029 (“**Class D Notes**”) and £23,346,000 Class E commercial mortgage backed notes due 2029 (“**Class E Notes**”, and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the “**Notes**”), and the Class X1 Certificates and the Class X2 Certificates (collectively, the “**Class X Certificates**”) to third party investors. The payments received by Magenta in respect of principal and interest due to it under the Senior Loan are used by Magenta to make payments of, amongst other things, principal and interest due on the Notes and distributions in respect of the Class X Certificates.

Amount, Interest, Repayment and Maturity, Security/Guarantee

Please refer to the information in the table above.

Both the Senior Loan and the Mezzanine Loan are repayable in instalments on each interest payment date falling after the date falling 15 months from 10 December 2019, in an amount equal to 0.25 per cent. of the aggregate original amount of the loan, subject to a specified increase in the event of failure to meet certain financial ratios, and provided that if on an interest payment date, the prescribed loan to value ratio is less than 50 per cent. (in the case of the Senior Loan) or 55 per cent. (in the case of the Mezzanine Loan), no repayment of the Senior Loan or the Mezzanine Loan (as the case may be) is required on that interest payment date.

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Subordination

The Mezzanine Loan is structurally subordinated to the Senior Loan (as the borrower of the Senior Loan, DTP Subholdco Limited, is a subsidiary of DTP Regional Hospitality Group Limited, the borrower of the Mezzanine Loan), and also contractually subordinated to the Senior Loan pursuant to the terms of the Facility Agreements and the Intercreditor Agreement.

Mandatory Prepayment, Change of Control

Prepayment of each of the Senior Loan and the Mezzanine Loan is required in certain circumstances, including illegality and change of control. “Change of control” includes, amongst other things, (i) UBO or a permitted family member of the UBO ceasing to control DTGO Corporation other than as a result of mental incapacity of the UBO or such permitted family member; and (ii) (in respect of the Senior Loan) DTP Holdco Limited or (in respect of the Mezzanine Loan) DTP Hospitality ceasing to be controlled, solely managed or solely advised, directly or indirectly by DTGO Corporation. In this context, “control” includes, amongst other things, the holding beneficially of more than 50 per cent. of the issued share capital (or equivalent interest of any nature) of that person.

Upon the occurrence of a change of control, if the Senior Lender or the Mezzanine Lenders (as the case may be) so require, the facility agent for the relevant loan shall cancel the commitment of that lender, and declare the participation of that lender in the outstanding loan (together with accrued interest) to be immediately due and payable.

Restrictions on Payment of Dividends

Each of the Senior Facility Agreement and the Mezzanine Facility Agreement prohibits the Obligors (which comprise certain Target Group Companies) under the Senior Facility Agreement and Mezzanine Facility Agreement (as the case may be) from declaring, making or paying any dividends or other distributions in the nature or intended to act as a distribution to any of its shareholders (whether in cash or in kind), save in the context of specified intra-group distributions or reorganisation. Further, the terms of the Mezzanine Facility Agreement and the Mezzanine Consent Letter prohibit any distribution prior to the interest payment date falling in December 2023 (the “**December 2023 Interest Payment Date**”) unless there is a prepayment of £15.0 million³⁹ before the December 2023 Interest Payment Date (the “**Prepayment Condition**”). For the avoidance of doubt, the Prepayment Condition does not apply after the December 2023 Interest Payment Date.

Events of Default

In addition to customary events of default, such as (amongst others) non-payment, breach of financial covenants, breach of other obligations, cross-default on other financial indebtedness, insolvency and unlawfulness (as well as a breach of any of the obligations in the June 2023 Waiver Letter which is an immediate Event of Default as described under “– *Waiver of Reduction Obligations under the Facility Agreements*” below), there are events of default which may be triggered by certain events in connection with the Hotel Operating Documents, including but not limited to:

- (a) any party to the Hotel Operating Documents rescinds or purports to rescind or repudiates or purports to repudiate any of those agreements or instruments in whole or in part where to do so has or is reasonably likely to have a material adverse effect;

³⁹ There was a partial principal repayment of approximately £9.7 million on the Mezzanine Loan on 14 April 2023. See Section 9.1 of this Target’s Letter to Shareholders titled “*Borrowings*”.

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- (b) any hotel operating document is terminated or the terms of any hotel operating document is breached where such termination or breach has or is reasonably likely to have a material adverse effect; or
- (c) failure to comply with the obligations under any hotel operating document in all material respects (and failure to use reasonable endeavours to ensure each other party to such document complies with its obligations under such document in all material respects) which has a material adverse effect, unless the failure to comply is capable of remedy and is remedied within fifteen business days of the earlier of
 - (i) the CBRE (as facility agent) giving notice to the relevant Target Group Company;
 - and (ii) any Obligor becoming aware of the failure to comply.

(the “**Relevant Cross-Default Provisions**”)

Such events of default are not unusual in similar loan facilities.

See Section 4.2 of this Target’s Letter to Shareholders titled “*Business and Operations – Operating contract with Valor – Valor Management Agreement – Termination*” and “*Business and Operations – Franchise Arrangements – Termination*” for information on the events which may result in termination of the Valor Management Agreement and/or the Hotel Franchise Agreements.

The termination rights under the Valor Management Agreement are subject to the terms of the relevant duty of care agreement (see “– *Valor Management Agreement Duty of Care Agreement*” below for details) and the termination rights under the Hotel Franchise Agreements are subject to the terms of the relevant Direct Agreements (see “– *The Direct Agreements*” below for details).

If an event of default occurs, the respective lenders may exercise their acceleration rights and declare the principal amount outstanding under the Senior Loan and/or the Mezzanine Loan (together with accrued unpaid interest) to be immediately due and payable, and may initiate enforcement proceedings in respect of the security provided (including taking possession of the underlying property), and/or call upon any guarantees provided, unless such default is remedied (if the default is remediable) or waived, or parties agree to an amendment to the terms of the relevant facility agreement.

Please refer to Section 17 of this Circular titled “*Risk Factors – The Target Group is subject to financial and other restrictive covenants and failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Target Group to refinance its borrowings*”, “*Risk Factors – The Target Group is reliant on Valor for its operations*” and “*Risk Factors – The Target Group is dependent on, and affected by the performance of, reputation of and developments affecting, the Franchisors*”.

The Relevant Cross-Default Provisions were included in the Facility Agreements following commercial negotiation between the Target Group and the Senior Lender (in the case of the Senior Facility Agreement) and the Mezzanine Lenders (in the case of the Mezzanine Facility Agreement), taking into consideration (amongst other things) that payments of interest and repayment of principal on the Senior Loan and the Mezzanine Loan would be dependent in large part on cashflows from the operation of the Hotels.

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Other Material Borrowing Terms – financial and restrictive covenants

The Target Group’s credit facilities contain various covenants and undertakings that limit the ability of certain Target Group Companies to engage in specified types of transactions (subject in some cases to certain exceptions), including, amongst others, to:

- (a) sell or transfer material assets;
- (b) create liens or additional security;
- (c) make certain investments or acquisitions;
- (d) incur or to allow to remain outstanding any financial indebtedness which is not permitted;
- (e) substantially change the nature of its business;
- (f) amalgamate, merge or undertake a reorganisation; and
- (g) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.

Each Obligor is also required to comply with various covenants, including satisfying and maintaining specified financial ratios. These financial ratios include requirements such as maintaining a minimum loan to value ratio and debt yield (calculated by reference to trailing 12-month net operating income expressed as a percentage of net debt amounts under the Senior Loan and the Mezzanine Loan).

The Target Group has implemented measures to monitor compliance with financial covenants under the Facility Agreements. The Target Group prepares, and post-Closing will continue to prepare, on an annual basis an annual business plan and budget that is submitted to the Proposed New Board and to the Senior Lender and Mezzanine Lenders. Monthly reports are prepared to track the actual financial performance of the Target Group against the annual business plan and budget, to ensure that all financial covenants are met for the year. In addition, the Target Group provides, and post-Closing will continue to provide, compliance certificates to the Senior Lender and Mezzanine Lenders every quarter in accordance with loan performance thresholds as set out in the applicable loan covenants. These quarterly compliance certificates are prepared by Valor, checked by the Target Group’s accountants and signed off by the Proposed New Board. The Target Group also retains, and post-Closing will continue to retain, United Kingdom legal counsel to assist in the process of monitoring any potential legal-related non-compliances and any waivers agreed with the Lenders which have deferred deliverables on a monthly basis.

The Internal Controls Reviewer has recommended, during its pre-listing internal controls review, for policies and procedures on loan covenant monitoring to be established and noted during the follow-up review process that such policies on loan covenant monitoring procedures, including identification of loan covenants, maintenance of master loan covenant worksheet and non-compliance management, had been implemented. Notwithstanding that the new policies and procedures on loan covenant monitoring will need to be monitored for operating effectiveness as part of the ongoing internal audit plan, as of the date of this Circular, the Internal Controls Reviewer has reviewed the measures, and together with the Proposed New Board, is of the view that the measures in place to monitor compliance with the financial covenants are adequate and designed effectively.

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As a result of the COVID-19 pandemic, the Target Group was unable to comply with the requirements of certain financial covenants and had to obtain waivers of such defaults and amendments to the covenant testing in respect of both the Senior Facility Agreement and the Mezzanine Facility Agreement (see Section 17 of this Circular titled “*Risk Factors – The Target Group is subject to financial and other restrictive covenants and failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Target Group to refinance its borrowings*” for more information). As of the interest payment date falling on 15 September 2023, the Target Group is in compliance with the relevant financial ratios under the Senior Facility Agreement and the Mezzanine Facility Agreement. However, while the Target Group has put in place measures to monitor compliance with the applicable covenants, the ability to meet those covenants may be affected by events beyond the control of the Target Group. As at the Latest Practicable Date, the Proposed New Board does not foresee difficulties in complying with all the relevant financial covenants of the Facility Agreements post-Closing until the maturity of the Senior Loan and the Mezzanine Loan.

Servicing of the Senior Loan; Amendments and Waivers

Following the sale of the Senior Loan to the Senior Lender and pursuant to a servicing agreement entered into between, amongst others, the Senior Lender and CBRE (the “**Servicing Agreement**”), the Senior Lender appointed CBRE as servicer (the “**Servicer**”) to provide certain services in relation to the Senior Loan and the security created in connection with the Senior Loan.

The Servicer is granted the power, authority and right to act in the Senior Lender’s name and on its behalf as its lawful attorney and agent in connection with the exercise of the rights of the Senior Lender under and in respect of the Senior Loan and the Senior Facility Agreement. The obligations of the Servicer include monitoring compliance with the covenants, undertakings and warranties under the Senior Facility Agreement, and considering and responding to requests for amendments, consents, modifications and waivers relating to the Senior Loan and the Senior Facility Agreement.

However, the Servicer may not agree to requests for modification or waiver in certain circumstances, including a Basic Term Modification, without obtaining the approval of the Noteholders. “Basic Term Modification” refers to specified matters that require an Extraordinary Resolution of each affected Class of Notes to modify, amend or waive; and include (amongst other things) a modification or waiver which would result in a reduction in interest (including, without limitation, margin) payable or extension of repayment date in respect of the Senior Loan, a change to the determination or adjustment of interest periods under the Senior Loan or a reduction in the prepayment fees payable in respect of the Senior Loan.

For example, as a result of the COVID-19 pandemic, the Target Group was unable to comply with the requirements of certain financial covenants, including the specified loan to value ratio and debt yield, and had to obtain waivers of such defaults and amendments to the covenant testing in respect of both the Senior Facility Agreement and the Mezzanine Facility Agreement. The Target Group had to also obtain consent from the Noteholders and Mezzanine Lenders to approve certain waivers and amendments to effect a restructuring in relation to the terms of the Senior Facility Agreement, the Mezzanine Facility Agreement and the Intercreditor Agreement (and related documents), including (amongst other things) to permit the extension of the Senior Loan and the Mezzanine Loan and make other changes to support the performance and eventual repayment of the Senior Loan and

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the Mezzanine Loan. Such request was put to a vote of the Noteholders by Extraordinary Resolutions via various meetings in December 2021. The Noteholders voted in favour of the Extraordinary Resolutions and the amendments and waivers became effective in December 2021.

Waiver of Reduction Obligations under the Facility Agreements

Under the terms of the Facility Agreements (as originally drafted), the Obligors were obliged to provide evidence in form and substance satisfactory to CBRE (as facility agent for the Senior Loan and the Mezzanine Loan) on or before December 2020 that certain intragroup loans and indebtedness had been reduced in accordance with the requirements of the Facility Agreements (the “**Reduction Obligation**”).

A number of successive waivers were agreed with CBRE to extend the timeframe within which the Target Group is required to comply with the Reduction Obligation. Pursuant to the terms of the latest waiver letter dated 5 June 2023 (the “**June 2023 Waiver Letter**”), CBRE has waived until December 2024 any default or event of default arising solely and as a direct result of the failure to comply with the Reduction Obligation (the “**Extended Waiver**”) subject to the satisfaction of certain conditions, including, amongst other things, (i) implementation of a number of steps in accordance with a timetable agreed with the Lenders; and (ii) that the Target Group consider and report at six (6) monthly intervals on the feasibility of an intragroup reorganisation involving certain steps or actions such as capital reductions, non-cash distributions, elimination or reduction of certain intragroup liabilities and a corporate group rationalisation to remove dormant entities within the Target Group and, if thought feasible, to implement such steps. If any condition is not complied with in accordance with its terms, the Extended Waiver shall immediately cease to be of any effect and there shall be an immediate event of default under the Facility Agreements.

As of the date of this Circular, the Target Group has complied with its obligations under the June 2023 Waiver Letter including, within the requisite timeframe, (i) implementing certain capital reductions, non-cash distributions and settlements of certain intragroup liabilities which are considered by the Target Group to be feasible; and (ii) providing the lenders an updated report (and such other documentation as is required). Accordingly, the Target Group is of the view that there will be no breach of the conditions for the Extended Waiver such that the Extended Waiver will continue to be in effect (and therefore there will be no event of default under the Facility Agreements) on the basis that the remaining conditions primarily relate to the striking off of certain dormant entities within the Target Group (which the Target Group is able to implement) and the continuation of periodic reporting on the feasibility of certain additional steps (and if feasible, the implementation of those steps). For the avoidance of doubt, the Extended Waiver has waived what would otherwise have been a breach of the Facility Agreements. The Target Group has commenced the process of striking off certain dormant entities and the process is envisaged to be completed by the first quarter of 2024.

To the best of the Proposed New Board’s knowledge, the Target Group is not in breach of any of the terms and conditions or covenants associated with any of its financing arrangements which could materially affect the Target Group’s financial position and results or business operations, or the investments of the Shareholders.

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Intercreditor Agreement

The Intercreditor Agreement governs the interrelationship between the Senior Lender, the Mezzanine Lenders and the Obligors. As a general principle, the liabilities owed by certain Target Group Companies (the “**Debtors**”) to the creditors (including the Senior Lender) under the Senior Facility Agreement and certain related documents (the “**Senior Facility Liabilities**”) rank in priority to the liabilities owed by the Debtors to the creditors (including the Mezzanine Lenders) under the Mezzanine Facility Agreement and certain related documents (the “**Mezzanine Facility Liabilities**”).

Prior to the discharge of the Senior Facility Liabilities, DTP Hospitality, DTP Regional Hospitality Group Limited and the Debtors are not permitted to and shall procure that none of DTP Hospitality or its subsidiaries will, make any payments of the Mezzanine Facility Liabilities unless the taking or receipt of that payment is permitted. Prior to the discharge of the Senior Facility Liabilities and the Mezzanine Facility Liabilities, (i) the Debtors are not permitted to, and shall procure that none of DTP Holdco Limited or its subsidiaries will, make any payments of liabilities owed by any Senior Obligor to any of the intra-group lenders⁴⁰ (in their capacity as such); (ii) DTP Regional Hospitality Group Limited is not permitted to, and shall procure that none of DTP Hospitality or its subsidiaries will, make any payments of the liabilities owed by DTP Regional Hospitality Group Limited to DTP Hospitality under any intercompany loan between DTP Regional Hospitality Group Limited (as borrower) and DTP Hospitality (as lender); and (iii) the Senior Obligors are not permitted to make any payments of the liabilities owed by DTP Holdco Limited to DTP Regional Hospitality Group Limited under any intercompany loan between DTP Holdco Limited (as borrower) and DTP Regional Hospitality Group Limited (as lender) or certain intragroup indebtedness owed to DTP Hospitality, unless, in each case, at any time that payment is permitted or the taking or receipt of that payment is permitted⁴¹.

The Intercreditor Agreement contains certain restrictions on the rights of the various parties. Such rights include (but are not limited to) the right to take enforcement action in certain circumstances and the right to agree certain amendments and waivers. For example, (i) in certain circumstances, the creditors under the Senior Facility Agreement are prevented from taking enforcement action against any Debtor in respect of the Senior Facility Liabilities, the Common Security or the Valor Management Agreement as a result of an event of default under the Senior Facility Agreement including (but not limited to) where such event of default is, *inter alia*, a curable default; (ii) the creditors under the Senior Facility Agreement are not permitted to agree to certain amendments and waivers without the prior written consent of CBRE (as facility agent for the Mezzanine Lenders); and (iii) the creditors under the Mezzanine Facility Agreement are not permitted to agree to certain amendments and waivers without the prior written consent of CBRE (as facility agent for the Senior Lender).

40 All of the intra-group lenders are entities within the Target Group.

41 For the avoidance of doubt, the Intercreditor Agreement restricts the right of DTP Hospitality Limited and its direct and indirect subsidiaries from making certain payments. It does not cover payments by the Target Company or the Company. As the proceeds from the Proposed Compliance Placement are raised at the Company’s level, the planned use of proceeds for (amongst other things) the partial repayment of the balance of the DTP Inter Holdings Loan after the Aggregate Loans Capitalisation (see Section 7.3 of this Circular titled “*The Proposed Compliance Placement – Use of Proceeds*” for further information) is not restricted by the Intercreditor Agreement.

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Deed of Information Undertaking

DTGO Corporation has by way of a deed dated 7 December 2023 provided an undertaking (the “**Deed of Information Undertaking**”) to the Company that for so long as any Group Borrowings (as defined below) contain any Specified Condition (as defined below), it will notify the Company immediately upon the occurrence of any of the following events:

- (a) becoming aware of any share pledging arrangements (or other arrangements having similar legal or economic effect) relating to all or any of the UBO’s direct or indirect shareholding interests in the Company; or
- (b) becoming aware of any event which may trigger or result in a breach of any of the Specified Conditions or which may be an event of default, enforcement event or event that would cause acceleration of the repayment of the principal amount of any Group Borrowings (as defined below), including where applicable, the entry into of a binding definitive agreement for or any enforcement of share pledging arrangements (or other arrangements having similar legal or economic effect) resulting in the disposal of, and/or foreclosure on, any or all of its direct or indirect shareholding interests in the Company.

DTGO Corporation shall be entitled to terminate the Deed of Information Undertaking by written notice to the Company if:

- (a) it ceases to be a controlling shareholder of the Company; or
- (b) the Company ceases to be listed on the Catalist.

“**Group Borrowings**” means borrowings or loans (including a guarantee or indemnity agreement and any debt securities) of the Company or any of its subsidiaries;

“**Intermediate Companies**” means the companies through which the UBO will, upon Closing, hold the ordinary shares in the capital of the Company; and

“**Specified Condition**” means (a) any provision or condition that makes reference to the shareholding interest, whether direct or indirect, of the UBO and/or any Intermediate Company in the Company or any of its subsidiaries; or (b) any restriction on any change in the UBO’s and/or any Intermediate Company’s control of the Company and/or any of its subsidiaries.

Valor Management Agreement Duty of Care Agreement

As a condition precedent to the funding of the Senior Loan and the Mezzanine Loan, Valor, DTP Regional Hospitality, DTPH UK, and CBRE entered into a duty of care agreement (the “**Valor Duty of Care Agreement**”) pursuant to which Valor has acknowledged, to the extent necessary, the security granted by the Senior Obligor, including the first fixed charge over its rights under the Valor Management Agreement.

Valor’s and DTP Regional Hospitality’s termination rights under the Valor Management Agreement are subject to certain restrictions in the relevant Valor Duty of Care Agreement allowing CBRE to maintain control over the security created over the rights of the Senior Obligor under the Valor Management Agreement.

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In the event that Valor would otherwise have a right to terminate the Valor Management Agreement due to certain circumstances such as a default by a Senior Obligor or an enforcement of the Common Security, CBRE (as common security agent) is entitled to remedy, or procure a remedy for, the relevant breach, in order to keep the Valor Management Agreement in place.

The Direct Agreements

As a condition precedent to the funding of the Senior Loan and the Mezzanine Loan, The Franchisors, the Senior Obligor and CBRE entered into the direct agreements (the “**Direct Agreements**”, each a “**Direct Agreement**”). Pursuant to each such Direct Agreement, each Franchisor has acknowledged, to the extent necessary, the security granted by the Senior Obligor, including the first fixed charge over their rights under the Hotel Franchise Agreements, the Hotels and the direct and indirect ownership interests in the relevant Senior Obligor.

Each Franchisor’s termination rights under the Hotel Franchise Agreements are subject to certain restrictions in the relevant Direct Agreement allowing CBRE (as common security agent) to maintain control over the security created over the rights of the Senior Obligor under the Hotel Franchise Agreements, the Hotels and the direct and indirect ownership interests in the relevant Senior Obligor.

In the event a Franchisor would otherwise have a right to terminate a Hotel Franchise Agreement due to certain circumstances, such as a default by a Senior Obligor or an enforcement of the Common Security, CBRE (as common security agent) is entitled under the relevant Direct Agreement to step in and remedy or procure a remedy for the relevant breach, subject to compliance with certain requirements and satisfaction of certain conditions to step-in, in order to keep the relevant Hotel Franchise Agreement in place.

There is no specified term or termination provisions under each of the Valor Duty of Care Agreement and the Direct Agreements. Nonetheless, a key purpose of these agreements is to allow CBRE to maintain control over the security created over the rights of the Senior Obligor under the Valor Management Agreement, the Hotel Franchise Agreements, the Hotels and the direct and indirect ownership interests in the relevant Senior Obligor as described above. Accordingly, the Valor Duty of Care Agreement and the Direct Agreements will cease to have effect when the Senior Loan and the Mezzanine Loan have been fully repaid and the security provided in respect of the Senior Loan and the Mezzanine Loan have been released or discharged, unless the underlying agreement to which they relate (being the Valor Management Agreement in the case of the Valor Duty of Care Agreement, and the Hotel Franchise Agreements in the case of the Direct Agreements) terminates.

10. DIVIDENDS

No dividend has been paid or proposed by the Target Company for FY2020, FY2021, FY2022 and 1H2023.

The Target Company currently does not have a formal dividend policy. Please refer to Section 16 of this Circular titled “*Dividend Policy*” for further information on the dividend policy of the Enlarged Group.

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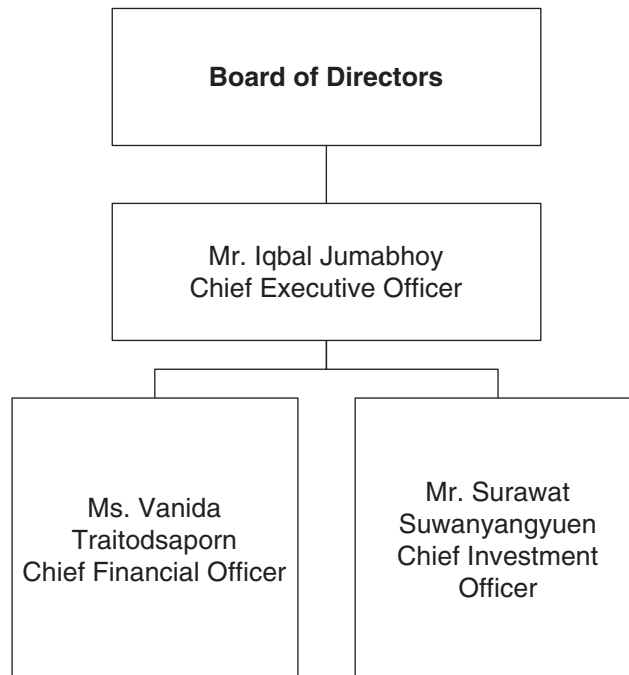
In addition, there is currently no available path to make distributions out of the Target Group based on the financial position as at 30 June 2023. The Target Group has accumulated “distribution blocks” as a result of reserve deficits in a number of entities within the Target Group. The reserve deficits have arisen as a result of: (a) trading losses in 2020 and 2021 as a consequence of the impact of COVID-19 and related restrictions; (b) a reduction in hotel valuations; (c) impairment losses recognised in respect of investment and receivable balances as a consequence of (a) and (b) above; and (d) accrual of financing costs associated with shareholder and external debt. Whilst the majority of trading entities within the Target Group now generate an operating profit, it is unlikely, given current levels of indebtedness, that future trading profits will be easily remitted to shareholders and potential investors in the near term.

In addition, the Obligors are not permitted to declare, make or pay any dividend or other distribution (or interest on any unpaid dividend, charge, fee distributions or expenses) in the nature of or intended to act as a distribution to any of its shareholders (whether in cash or in kind), save in accordance with the Facility Agreements. Please refer to Section 9.1 of the Target’s Letter to Shareholders titled “*Borrowings – Senior Facility Agreement and Mezzanine Facility Agreement – Restrictions on Payment of Dividends*” for further information.

11. PROPOSED NEW BOARD AND PROPOSED NEW EXECUTIVE OFFICERS

11.1 Management Reporting Structure

Following Closing, and with the appointment of the Proposed New Board and Proposed New Executive Officers, the management reporting structure of the Enlarged Group will be as follows:



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11.2 Proposed New Board

Upon Closing, the Proposed New Board is intended to be reconstituted and the particulars of the Proposed New Board as are set out below:

Name	Age	Address	Position
Mr. Bunyong Visatemongkolchai	66	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Independent Director and Chairman of the Board
Mr. Hansa Susayan	68	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Vice Chairman and Non-Executive Director
Mr. Iqbal Jumabhoy	66	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Chief Executive Officer and Executive Director
Mrs. Sasinan Allmand	51	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Non-Executive Director
Mr. Lee Kwai Seng	59	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Non-Executive Director
Mr. Christopher Tang Kok Kai	63	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Independent Director
Mr. Chiew Chun Wee	48	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Independent Director

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None of the proposed Independent Directors sit on the board of any of the principal subsidiaries of the Target Company that are based in jurisdictions other than Singapore.

Experience and Expertise of the Proposed New Board

Certain information on the business and working experience of the Proposed New Board is set out below:

Mr. Bunyong Visatemongkolchai is the proposed Independent Director and Chairman of the board of Directors of the Enlarged Group.

Mr. Visatemongkolchai currently sits on the boards of, amongst others, BIC Corporation Company Limited, World Flex Public Company Limited, Tree Money Holding Company Limited and Able Asset Company Limited. He was previously a director of several private and public companies such as Latex Systems Public Company Limited, TFD Real Estate Management Company Limited and Thai Credit Guarantee Corporation. Mr. Visatemongkolchai was an asset management specialist at Bangkok Commercial Asset Management Company Limited from 2010 to 2012.

Mr. Visatemongkolchai graduated from Thammasat University in Thailand with a Bachelor of Laws and Temple University in the United States of America with a Master of Laws.

Notwithstanding the directorships of Mr. Visatemongkolchai, the New Nominating Committee (other than Mr. Visatemongkolchai) believes that Mr. Visatemongkolchai is able to devote sufficient time to discharge his duties as an Independent Director. In this regard, the New Nominating Committee (other than Mr. Visatemongkolchai) has discussed with Mr. Visatemongkolchai on the frequency of the meetings of the Proposed New Board, as well as the meetings of the board committees of which Mr. Visatemongkolchai will be a member. Mr. Visatemongkolchai is fully aware of the commitment required of him in his role as an Independent Director, including his duties as the Chairman of the board of Directors of the Enlarged Group and the chairman of the New Nominating Committee. Mr. Visatemongkolchai has also confirmed that he is able to devote sufficient time to discharge his duties as an Independent Director. In addition, the New Nominating Committee (other than Mr. Visatemongkolchai) values the contribution of Mr. Visatemongkolchai’s experience and expertise. For the reasons set out above, the New Nominating Committee (other than Mr. Visatemongkolchai) is of the opinion that Mr. Visatemongkolchai will be able to devote sufficient time to discharge his duties as an Independent Director. Please refer to Section 11.4.1 of this Target’s Letter to Shareholders titled “*Directors – Mr. Bunyong Visatemongkolchai*” for further information on Mr. Visatemongkolchai’s present directorships.

Mr. Hansa Susayan is the proposed Vice Chairman and Non-Executive Director of the Enlarged Group.

In his role as Non-Executive Director of the Company, Mr. Susayan will not participate in the day-to-day operations and management of the Enlarged Group, and will primarily focus on the Enlarged Group’s overall business, investments and strategy development. As a Non-Executive Director, Mr. Susayan is not an employee of the Company, and accordingly will receive directors’ fees but will not be entitled to any other compensation and/or employee benefits (please refer to Section 11.5 of this Target’s Letter to Shareholders titled “*Remuneration of the Proposed New Board and Proposed New Executive Officers*” for information on (amongst other things) the annual compensation

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paid and expected to be payable by the Target Company and the Target Group Companies to Mr. Susayan for services to be rendered by him to the Target Group and the Enlarged Group for FY2023).

Mr. Susayan has been the chief investment officer of DTGO Corporation and the chairman of the board of directors of DTP since April 2022. He also holds directorships in several companies within the Enlarged Group as well as in certain controlling shareholders of the Target Group and/or associates of controlling shareholders of the Target Group (please refer to Section 11.4.1 of this Target’s Letter to Shareholders titled “*Directors – Mr. Hansa Susayan*” for further information on Mr. Susayan’s present directorships). Prior to joining DTGO Corporation as the chief investment officer, Mr. Hansa Susayan was the head of securities business service department of KASIKORNBANK Public Company Limited (from 1995 to 1999), deputy managing director of Krungthai Asset Management Public Company Limited (from 1999 to 2003), fund management department manager of Bangkok Bank Public Company Limited (from 2003 to 2010) and managing director of BBL Asset Management Co., Ltd. (from 2010 to 2017). In these prior roles, he was responsible for financial planning and wealth management.

Mr. Susayan has over 25 years of experience in the investment and asset management industry.

Mr. Susayan graduated from Bangkok College, Thailand with a Bachelor’s degree in Business Administration (Finance).

Mr. Iqbal Jumabhoy is the proposed Chief Executive Officer and Executive Director of the Enlarged Group.

Mr. Jumabhoy has been the founder and chief executive officer of Edge Capital Pte. Ltd., an investment vehicle and consulting platform focused on travel and real estate sectors, since 2015. He sits on the board of several companies such as Continental Traders Pte. Ltd., SIG (S) Pte. Ltd. and 3dCerts Pte. Ltd. He was previously an associate director of Continental Illinois National Bank and Trust Company of Chicago (from 1984 to 1987), an executive director of Scotts Holdings Limited (from 1987 to 1996), chief financial officer of The East Asiatic Company Limited (from 1998 to 2005) and has also served as the chief executive officer of companies in the hospitality and real estate development industry such as the Encorp Group (from 1997 to 1998), the WIRE Group (from 2006 to 2009), Rendezvous Hospitality Group Private Limited (from 2009 to 2011) and SilverNeedle Hospitality Pte. Ltd. (from 2012 to 2015).

Mr. Jumabhoy is currently a member of the Asian Executive Board at MIT Sloan School of Management and a member of Young Presidents Organisation. He is also a Fellow Member of the Singapore Institute of Directors.

Mr. Jumabhoy graduated from the University of Newcastle Upon Tyne with a Bachelor of Science in Naval Architecture and Shipbuilding and the Massachusetts Institute of Technology with a Master of Science in both Open Systems Management and Management.

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Mrs. Sasinan Allmand is a proposed Non-Executive Director of the Enlarged Group.

In her role as Non-Executive Director of the Company, Mrs. Allmand will not participate in the day-to-day operations and management of the Enlarged Group, and will focus mainly on marketing strategies of the Enlarged Group. This is a high-level strategic role and she will provide guidance as requested by the management. As a Non-Executive Director, Mrs. Allmand is not an employee of the Company, and accordingly will receive directors’ fees but will not be entitled to any other compensation and/or employee benefits (please refer to Section 11.5 of this Target’s Letter to Shareholders titled “*Remuneration of the Proposed New Board and Proposed New Executive Officers*” for information on (amongst other things) the annual compensation paid and expected to be payable by the Target Company and the Target Group Companies to Mrs. Allmand for services to be rendered by her to the Target Group and the Enlarged Group for FY2023).

Mrs. Allmand has been the president and country director of the Japan branch office of DTGO Corporation since 2022. She was previously an account manager in the client service department of Lintas Thailand (Lowe Worldwide), Bangkok (from 1995 to 1998), a marketing and PR manager of Fosroc (Thailand) Limited (from 2000 to 2002), a corporate marketing and communications manager of Volvo Group Asia (Thailand) Co., Ltd. (from 2002 to 2008), director of public relations in General Motors (Thailand) Co., Ltd. and Chevrolet Sales (Thailand) Co. (from 2008 to 2012), head of global corporate communications of Thai Union Group Public Company Limited (from 2013 to 2016), general manager, communications & PR of Chanel Thailand Limited (in 2016) and executive vice president of corporate branding, marketing and communications in DTGO Corporation and MQDC (from 2016 to 2019). During her time at Thai Union Group Public Company Limited, she was awarded the Executive Chairman’s Award for outstanding performance in 2015.

Mrs. Allmand graduated from Webster University and Royal Holloway and Bedford New College, University of London with a Bachelor of Arts and a Master of Business Administration in International Business Management, respectively.

Mr. Lee Kwai Seng is a proposed Non-Executive Director of the Enlarged Group.

Mr. Lee has been an adviser to DTGO Corporation on, amongst others, financial services and digital assets, since 2022 and currently sits on the board of several companies such as Venturico Technology Pte. Ltd., GWIA Pte. Ltd. and Freude Pte. Ltd.

Prior to his role in DTGO Corporation, Mr. Lee was a materials management consultant of Mincom International Pte Ltd (from 1995 to 1996), managing consultant, strategic business unit – telecommunications & utilities of SAP Asia Pte. Ltd. (from 1997 to 1999), managing director, Greater China and ASEAN of Commerce One, Inc. (from 1999 to 2002) and Asurion Asia Pacific (from 2003 to 2010), president and chief operating officer of Inspired Solar Technologies Inc. (from 2012 to 2014), general manager, Greater China, of Brightstar Asia Pte Ltd (from 2015 to 2016), managing director of RIA Venture Capital Pte. Ltd. (from 2016 to 2019) and a co-founder of ICORA CO., Ltd, a Thailand-based blockchain consultancy (from 2017 to 2021).

Mr. Lee graduated from the Singapore Institute of Management and Henley Management College, Brunel University with a Diploma in Management Studies and a Master of Business Administration, respectively.

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Mr. Christopher Tang Kok Kai is a proposed Independent Director of the Enlarged Group.

Mr. Tang has been providing business advisory services as a principal of CT Advisory since 2020. He is also a non-executive director of several companies such as Fife Capital Singapore Pte. Ltd., a real estate investment advisory company, and Lionsbridge Development Pte. Ltd., a real estate development company. He is also a Director and Treasurer of Ren Ci Hospital, a charitable healthcare organisation.

Mr. Tang has more than 20 years of experience in the real estate sector. His past appointments in the real estate sector include his roles in Frasers Property Limited (listed on the Main Board of the SGX-ST) where he served as general manager, strategic planning and asset management (from 2001 to 2006), chief executive officer, Frasers Centrepoint Commercial and Frasers Centrepoint Trust (concurrently from 2006 to 2010), chief executive officer, Frasers Centrepoint Commercial and Greater China (concurrently from 2010 to 2016), chief executive officer, Singapore of Frasers Property Limited (from 2016 to 2019) and senior advisor (in 2020). He has also served as a non-executive director of related companies such as Frasers Centrepoint Asset Management Ltd, the Manager of Frasers Centrepoint Trust (a real estate investment trust listed on the Main Board of the SGX-ST).

Mr. Tang graduated from the National University of Singapore with a Bachelor of Science and a Master of Business Administration.

Notwithstanding the directorships of Mr. Tang, the New Nominating Committee believes that Mr. Tang is able to devote sufficient time to discharge his duties as an Independent Director. In this regard, the New Nominating Committee has discussed with Mr. Tang on the frequency of the meetings of the Proposed New Board, as well as the meetings of the board committees of which Mr. Tang will be a member. Mr. Tang is fully aware of the commitment required of him in his role as an Independent Director, including his duties as the chairman of the New Remuneration Committee. Mr. Tang has also confirmed that he is able to devote sufficient time to discharge his duties as an Independent Director. In addition, the New Nominating Committee values the contribution of Mr. Tang’s experience and expertise. For the reasons set out above, the New Nominating Committee is of the opinion that Mr. Tang will be able to devote sufficient time to discharge his duties as an Independent Director. Please refer to Section 11.4.1 of this Target’s Letter to Shareholders titled “*Directors – Mr. Christopher Tang Kok Kai*” for further information on Mr. Tang’s present directorships.

Mr. Chiew Chun Wee is a proposed Independent Director of the Enlarged Group.

Mr. Chiew has been a board member of the International Auditing and Assurance Standards Board (IAASB) since 2018 and a Regional Lead in Policy and Insights of the Association of Chartered Certified Accountants (ACCA) for Asia Pacific since 2011.

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Mr. Chiew has over 20 years of experience in the accounting and audit industry. His past roles in the industry include appointments as an audit assistant, senior, assistant manager, manager and senior manager of Deloitte & Touche LLP (from 1999 to 2011) and as a technical advisor to a board member of IAASB from 2016 to 2017 before becoming a board member in 2018. He is also a fellow member of the Institute of Singapore Chartered Accountants.

Mr. Chiew graduated from Nanyang Technological University with a Bachelor of Accountancy.

Listed Company Experience

Rule 406(3)(a) of the Catalist Rules states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (via SGXNET or in the Circular) identifying for each director, whether the person has prior experience as a director of an issuer listed on the SGX-ST or if he has other relevant experience, and if so, provide details of his directorships and other relevant experience. If the director has no prior experience as a director of an issuer listed on the SGX-ST and has no other relevant experience, the listing applicant must confirm that the person has undertaken training as prescribed by the SGX-ST. With regard to Rule 406(3)(a) of the Catalist Rules, two (2) of the seven (7) of the Proposed New Board, being Mr. Iqbal Jumabhoy and Mr. Christopher Tang Kok Kai have prior and/or current experience as directors of other public listed companies in Singapore, and are familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Mr. Bunyong Visatemongkolchai, Mr. Hansa Susayan, Mr. Iqbal Jumabhoy, Mrs. Sasinan Allmand, Mr. Lee Kwai Seng, Mr. Christopher Tang Kok Kai and Mr. Chiew Chun Wee have provided an undertaking to the Company and the Sponsor and Financial Adviser that they will attend the relevant trainings at the Singapore Institute of Directors to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore as required under the Catalist Rules, before the first anniversary of the date of their respective appointment to the Proposed New Board.

The Proposed New Board has been briefed on the roles and responsibilities of a director of a public listed company in Singapore.

The Sponsor and the Proposed New Board are of the view that Mr. Jumabhoy and Mr. Suwanyangyuen have the appropriate experience and expertise to manage the Target Group’s business given (i) Mr. Jumabhoy’s familiarity with the hospitality sector as well as his past directorship/chief executive officer positions with multiple hospitality and real estate development companies including Scotts Holdings Limited, Encorp Group, WIRE Group, Rendezvous Hospitality Group Private Limited and SilverNeedle Hospitality Pte. Ltd.; and (ii) Mr. Suwanyangyuen’s deep involvement with the Target Group’s listing and due diligence process leading to the Proposed Acquisition and his strong finance background and past experience as director/chief financial officer in multiple companies including a company listed on the SET.

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Independence of the Independent Directors

The Code of Corporate Governance requires that the board of directors of a company listed on the SGX-ST (the “Listco”) 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 Listco.

Under the Code of Corporate Governance, an “independent director” is one who is independent in conduct, character and judgement, and has no relationship with the Listco, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the Listco.

A director who falls under the following circumstances is not independent:

- (a) if he is employed or has been employed by the Listco or any of its related corporations for the current or any of the past three (3) financial years;
- (b) if he has an immediate family member who is, or has been in any of the past three (3) financial years, employed by the Listco or any of its related corporations and whose remuneration is or was determined by the remuneration committee of the Listco; and
- (c) if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing).

Other examples of relationships which should deem a director not to be independent include:

- (i) a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the Listco or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$50,000 should generally be deemed significant;
- (ii) a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5 per cent. or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Listco or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question; and

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- (iii) a director who is or has been directly associated with a substantial shareholder of the Listco, in the current or immediate past financial year. A director is considered “directly associated” with a substantial shareholder when he is accustomed or under the obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder in relation to the corporate affairs of the Listco. A director will not be considered “directly associated” with a substantial shareholder by reason only of his or her appointment having been proposed by that substantial shareholder.

The New Nominating Committee is of the view that each of the proposed Independent Directors of the Enlarged Group is independent in line with the Code of Corporate Governance, and free of any material business or financial connection with the Target Group.

Terms of Office

Each of the members of the Proposed New Board do not have a fixed term of office. Each Director is required to retire from office once every three (3) years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is required to retire from office by rotation and will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office).

11.3 Proposed New Executive Officers

The particulars of the Proposed New Executive Officers of the Enlarged Group are as follows:

Name	Age	Address	Position
Mr. Iqbal Jumabhoy	66	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Chief Executive Officer and Executive Director
Ms. Vanida Traitodsaporn	49	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Chief Financial Officer
Mr. Surawat Suwanyangyuen	42	PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, Grand Cayman, KY1-1206 Cayman Islands	Chief Investment Officer

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Certain information on the business and working experience of the Proposed New Executive Officers is set out below:

Mr. Iqbal Jumabhoy is the proposed Chief Executive Officer and Executive Director of the Enlarged Group.

See Section 11.2 of this Target’s Letter to Shareholders titled “*Proposed New Board*”.

Ms. Vanida Traitodsaporn is the proposed Chief Financial Officer of the Enlarged Group.

Ms. Traitodsaporn has been the accounting executive vice president of DTGO Corporation since 2016. Prior to joining DTGO Corporation in 2016, she was an assistant auditor in KPMG Peat Marwich Suthee Limited from (1997 to 1998), a GL accountant of Harg Central Department Store Limited (in 1999), a staff accountant of Siam Lotus Company Limited (from 1999 to 2001), a GL accountant of Ford Operations (Thailand) Company Limited (from 2001 to 2002) and an audit associate director of RSM Audit Services (Thailand) Limited (from 2002 to 2016). Ms. Vanida Traitodsaporn is also a member of the Federation of Accounting Professions and she became a Certified Public Accountant in 2005.

Ms. Traitodsaporn graduated from Rajamangala University of Technology and Chulalongkorn University with a Bachelor of Business Administration and a Master of Accounting.

In considering the suitability of Ms. Traitodsaporn for her role as the proposed Chief Financial Officer, the New Audit Committee has considered several factors, including her qualifications and experience, the accounting reporting structure, the team that supports and/or reports to her (which includes the relevant personnel from Valor who undertake accounting and/or financing functions with regard to the Hotels under the terms of the Valor Management Agreement, 17 administrative and bookkeeping staff at the Hotels, one (1) finance team staff who had joined the Target Group in July 2023⁴², and Mr. Suwanyangyuen, the proposed Chief Investment Officer), the interviews the New Audit Committee had with Ms. Traitodsaporn and the absence of negative feedback from the external auditors and the Internal Controls Reviewer, on Ms. Traitodsaporn. The New Audit Committee noted that Ms. Traitodsaporn has more than 25 years of working experience in finance and accounting. Ms. Traitodsaporn has also demonstrated her knowledge and experience in accounting and financial reporting. After making all reasonable enquiries, and to the best of its knowledge and belief, nothing has come to the New Audit Committee’s attention to cause it to believe that Ms. Traitodsaporn does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

⁴² Please refer to the table at Section 4.12 of this Target’s Letter to Shareholders titled “*Employees*”.

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Mr. Surawat Suwanyangyuen is the proposed Chief Investment Officer of the Enlarged Group.

Mr. Suwanyangyuen has been the managing partner and authorised director of Canvas Capital Design CO., LTD. since 2022. Prior to this role, he was a credit scoring analyst in the consumer credit risk management division in Bangkok Bank Public Co., Ltd. (from 2004 to 2005), a desktop design consultant, Bangkok, in Reuters Software (Thailand) Limited (from 2005 to 2007), a mergers, acquisitions & advisory associate in Khronos Advisory (from 2009 to 2011), an assistant vice-president of investment banking in Siam Commercial Bank Public Co., Ltd. (from 2011 to 2014), an associate director of corporate finance in Thoresen Thai Agencies Public Co., Ltd. (from 2014 to 2015), deputy director of special projects in Wha-Hemaraj Land and Development Public Co., Ltd. (from 2015 to 2016), chief financial officer of Sermsang Power Corporation Public Co., Ltd. (from 2016 to 2017), chief financial officer and co-managing director of Siamese Asset Public Co., Ltd. (from 2017 to 2021) and managing director of 9 Basil Co., Ltd. (from 2021 to 2022).

Mr. Suwanyangyuen is also an independent director of YDM (THAILAND) CO., LTD. and was previously a director of several private and public companies such as Alpha Capital Partners Group Co., Ltd., Wireless Asset Management Co., Ltd. and Siamese Asset Public Co., Ltd. (listed on the SET).

Mr. Suwanyangyuen graduated from Chulalongkorn University with a Bachelor of Science in Industrial Engineering and a Master of Science in Finance and in 2009, he graduated from the University of Illinois with a Master of Business Administration.

11.4 Present and Past Directorships of the Proposed New Board and Proposed New Executive Officers

The present and past principal directorships held by the Proposed New Board and the Proposed New Executive Officers in the last five (5) years preceding the Latest Practicable Date (excluding those held in the Target Company) are set out below:

11.4.1 Directors

1. Mr. Bunyong Visatemongkolchai

Present Directorships

Target Group corporations

Nil

Other corporations

BIC Corporation Company Limited

Tree Money Holding Company Limited

Bangkok Commercial Asset Management Public Company Limited

World Flex Public Company Limited

Able Asset Company Limited

Past Directorships

Target Group corporations

Nil

Other corporations

Latex Systems Public Company Limited

Thai Credit Guarantee Corporation

TFD Real Estate Management Company Limited

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2. Mr. Hansa Susayan

Mr. Susayan currently holds, and will upon Closing continue to hold, 46 executive directorships.

Of his present directorships, he holds 38 executive directorships in the Target Group Companies. Apart from the directorships with the Target Group, he holds seven (7) executive directorships in associates of the controlling shareholders of the Target Group, and one (1) executive directorship in Wat Thung Hiang Pattana Foundation, a non-profit entity which is not affiliated with the UBO, the controlling shareholders of the Target Group or the Target Group.

Present Directorships

Target Group corporations

DTP Infinities Limited
DTP Infinities Corporation Limited
DTP Hospitality Ltd.
DTP Finance Number 1 Limited
DTP Property Trustee 1 Limited
DTP Property Trustee 2 Limited
Norfolk Capital Group Limited
Norfolk Capital Hotels (Southern) Limited
Norfolk Capital Hotels Limited
Chester International Hotel Limited
Five Star Inns Limited
The Solihull Hotel Company Limited
Rowntrees (Market Street) Manchester Limited
The Harrogate International Hotel Limited
Echo Hotel Limited
Fraserfort Limited
DTP Hospitality UK Limited
DTP Hoole Chester Limited
Hoole Hall Country Club Limited
Chester International Hotel 2 Limited
DTP Regional Hospitality Group Limited
DTP Holdco Limited
DTP Subholdco Limited
DTP Acquisition 1 Limited
DTP Employees and Services Limited
DTP Acquisition 1 Manchester Limited

Past Directorships

Target Group corporations

Nil

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Present Directorships	Past Directorships
DTP Acquisition 1 Leeds Limited	
DTP Acquisition 1 Glasgow Limited	
DTP Acquisition 1 Birmingham Limited	
DTP Acquisition 1 Bristol Limited	
Chapel Street Hotel Limited	
Chapel Street Services Limited	
Chapel Street Food and Beverage Limited	
DTP Acquisition 2 Limited	
DTP Employees and Services 2 Limited	
DTP Acquisition 2 Salford Limited	
DTP Acquisition 2 Mailbox Limited	
DTP Acquisition 2 Mailbox (UK) Limited	
<i>Other corporations</i>	<i>Other corporations</i>
DTGO Prosperous Limited	Nil
DTP Inter Holdings Corporation Pte. Ltd.	
DTP Management Limited	
DTP Global Reits Management Limited	
MQDC Infiniverse Pte. Ltd.	
Wat Thung Hiang Pattana Foundation	
Translucia Ventures Corporation Limited	
Translucia Venture Pride Pte. Ltd.	

3. Mr. Iqbal Jumabhoy

Present Directorships	Past Directorships
<i>Target Group corporations</i>	<i>Target Group corporations</i>
Nil	Nil
<i>Other corporations</i>	<i>Other corporations</i>
The Rajabali Jumabhoy Foundation Limited	Nil
Edge Capital Pte. Ltd.	
Continental Traders Pte. Ltd.	
SIG (S) Pte. Ltd.	
3dCerts Pte. Ltd.	
Freemont Capital Pte. Ltd.	
Winder Investment Pte. Ltd.	
Winder Pte. Ltd.	

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Present Directorships

Namak Investment Pte. Ltd.
 Blackbook Technologies Pte. Ltd.
 Wire Group Pte. Ltd.
 Larus Investment Pte. Ltd.
 Stris Investment Pte. Ltd.
 Raffles Park Holdings Pte. Ltd.
 Blackbook Travels Pte. Ltd.
 The Jumabhoy Foundation Limited
 Blackbook Uno Pte. Ltd.
 Stovve Food Group Pte. Ltd.
 Elevandi Limited
 I.Net International Limited
 Edge Equity Limited
 Wire Developers Private Limited

4. Mrs. Sasinan Allmand

Present Directorships

Target Group corporations

Nil

Other corporations

Nil

5. Mr. Lee Kwai Seng

Present Directorships

Target Group corporations

Nil

Other corporations

Venturico Technology Pte Ltd
 GWIA Pte Ltd
 Freude Pte Ltd

Past Directorships

Past Directorships

Target Group corporations

Nil

Other corporations

Nil

Past Directorships

Target Group corporations

Nil

Other corporations

Asimi Pte Ltd
 OCEO Water Pte Ltd
 Jiovio Healthcare Pte Ltd
 ICORA Co., Ltd.
 Integral Industrial International Pte Ltd

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6. Mr. Christopher Tang Kok Kai

Present Directorships

Target Group corporations

Nil

Other corporations

FAL Singapore C Pte. Ltd.

FCIH Pte Limited

FAL Singapore B Pte. Ltd.

FAL Singapore A Pte. Ltd.

Fife Holdings Pte. Limited

Fife Capital Singapore Pte. Ltd.

Fife Capital Management Singapore Pte. Limited

Six Plus IP Holdings Pte. Limited

Roundtable Ventures Private Limited

Lionsbridge Development Pte. Ltd.

Grappling Asia Pte. Ltd.

CT Advisory

Renci Hospital

FAL Singapore D Pte. Ltd.

Past Directorships

Target Group corporations

Nil

Other corporations

Frasers Property Investments (Bermuda) Limited

Frasers Commercial (UK) Sub. 1 Pte. Ltd.

Frasers Property Crystal Pte. Ltd.

Frasers Property Jade Pte. Ltd.

Frasers Property Corporate Services (Singapore) Pte. Ltd.

Frasers Property Gold Pte. Ltd.

Frasers Property Commercial Management Pte. Ltd.

Frasers Property Retail Management Pte. Ltd.

Easthouse Properties Pte. Ltd.

FCL Compassvale Pte. Ltd.

Punggol Residences Pte. Ltd.

Yishun Gold Pte. Ltd.

Vacaron Company Sdn Bhd

Emerald Hill Developments Pte. Ltd.

Frasers Property Aquamarine Trustee Pte. Ltd. (formerly known as FC Commercial Trustee Pte. Ltd.)

Frasers Property Alexandra Point Pte. Ltd. (formerly known as FCL Alexandra Point Pte. Ltd.)

FCL Amber Pte. Ltd.

FCL Aquamarine Pte. Ltd.

Frasers Property Holdings (Malaysia) Pte. Ltd. (formerly known as FCL Centrepont Pte. Ltd.)

Frasers Property Enterprises Pte. Ltd. (formerly known as FCL Enterprises Pte. Ltd.)

FCL Estates Pte. Ltd.

FCL Peak Pte. Ltd.

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Present Directorships

Past Directorships

Frasers Property Centrepont Pte. Ltd.
(formerly known as FCL Property Investments Pte. Ltd.)

FCL Tampines Court Pte. Ltd.

FCL Topaz Pte. Ltd.

Lion (Singapore) Pte. Limited

North Gem Development Pte. Ltd.

Orrick Investments Pte Limited

River Valley Properties Pte. Ltd.

River Valley Shopping Centre Pte. Ltd.

River Valley Tower Pte. Ltd.

Riverside Investments Pte Ltd

Riverside Property Pte. Ltd.

Riverside Walk Pte. Ltd

Yishun Land Pte Ltd

Yishun Property Pte. Ltd.

Frasers Property Quayside Pte. Ltd.
(formerly known as FCL Residences Pte. Ltd.)

Frasers Property (Singapore) Pte. Ltd.
(formerly known as Frasers Singapore Holdings Pte. Ltd.)

FCL Boon Lay Pte. Ltd.

TFS Collins Pty Ltd

Frasers Commercial Sub No. 4 Pte. Ltd.

Frasers Property North Gem Trustee Pte. Ltd.
(formerly known as FC North Gem Trustee Pte. Ltd.)

FCOT Treasury Pte. Ltd.

Athllon Trustee Pty Limited

Republic Polytechnic

Emerald Star Pte. Ltd.

Frasers Property Cuppage Pte. Ltd.
(formerly known as FCL Crystal Pte. Ltd.)

Frasers Property Commercial Trust Holdings Pte. Ltd. (formerly known as FCL Trust Holdings (Commercial) Pte. Ltd.)

Frasers Property Retail Trust Holdings Pte. Ltd. (formerly known as FCL Trust Holdings Pte. Ltd.)

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Present Directorships

Past Directorships

Frasers Property Management Services Pte. Ltd. (formerly known as Frasers Centrepoint Property Management Services Pte. Ltd.)

Frasers Commercial Sub No. 3 Pte. Ltd.

APF Management Pty Limited

Arcot Pty Limited

FCT MTN Pte. Ltd.

Ascendas Frasers Pte. Ltd.

Frasers Commercial Asset Management Ltd. (formerly known as Frasers Centrepoint Asset Management (Commercial) Ltd.)

Frasers Centrepoint Property Management (Commercial) Pte. Ltd.

Frasers Commercial Investments No. 1 Pte. Ltd.

Frasers Commercial Sub No. 1 Pte. Ltd.

Frasers Commercial Sub No. 2 Pte. Ltd.

FCL Emerald (2) Pte. Ltd.

FC Retail Trustee Pte. Ltd.

Opal Star Pte. Ltd.

FCL Emerald (1) Pte. Ltd.

FCL Asset Management Ltd.

Frasers Property Retail Asset Management (Malaysia) Pte. Ltd. (formerly known as Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd.)

Frasers Centrepoint Asset Management Ltd.

7. Mr. Chiew Chun Wee

Present Directorships

Past Directorships

Target Group corporations

Target Group corporations

Nil

Nil

Other corporations

Other corporations

International Auditing and Assurance Standards Board (IAASB)

Nil

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11.4.2 Executive Officers

1. Mr. Iqbal Jumabhoy
See above.
2. Ms. Vanida Traitodsaporn

Present Directorships

Target Group corporations

Nil

Other corporations

Nil

Past Directorships

Target Group corporations

Nil

Other corporations

Nil

3. Mr. Surawat Suwanyangyuen

Present Directorships

Target Group corporations

Nil

Other corporations

Canvas Capital Design Co., Ltd.

YDM (Thailand) Co., Ltd.

Past Directorships

Target Group corporations

Nil

Other corporations

Alpha Capital Partners Group Co., Ltd.

Wireless Asset Management Co., Ltd.

Siamese Asset Public Co., Ltd.

11.5 Remuneration of the Proposed New Board and Proposed New Executive Officers

The annual compensation, in bands of less than or equal to the equivalent of S\$250,000, paid by the Target Company to each of the Proposed New Board and the Proposed New Executive Officers (in terms of compensation) for services rendered by them in all capacities to the Target Group for FY2021 and FY2022 and paid and expected to be payable by the Target Company and the Target Group Companies to each of the Proposed New Board and Proposed New Executive Officers for services to be rendered by them in all capacities to the Target Group and the Enlarged Group for FY2023, is as follows:

	FY2021	FY2022	FY2023
	Actual ⁽¹⁾		Estimated ⁽¹⁾
Directors			
Mr. Bunyong Visatemongkolchai	–	–	A
Mr. Hansa Susayan	–	–	A
Mr. Iqbal Jumabhoy	–	–	C
Mrs. Sasinan Allmand	–	–	A
Mr. Lee Kwai Seng	–	–	A

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	FY2021	FY2022	FY2023
	Actual ⁽¹⁾		Estimated ⁽¹⁾
Mr. Christopher Tang Kok Kai	–	–	A
Mr. Chiew Chun Wee	–	–	A
Executive Officers			
Mr. Iqbal Jumabhoy		See above	
Ms. Vanida Traitodsaporn	–	–	A
Mr. Surawat Suwanyangyuen	–	–	B

Notes:

(1) Compensation includes any benefits in kind and any deferred compensation accrued for the relevant financial year and payable at a later date.

(2) Remuneration bands:

“A” refers to remuneration less than or equal to the equivalent of S\$250,000.

“B” refers to remuneration greater than the equivalent of S\$250,000 and less than or equal to S\$500,000.

“C” refers to remuneration greater than the equivalent of S\$500,000 and less than or equal to S\$750,000.

The Target Company does not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of its employees, and bonuses (if any) are expected to be paid on a discretionary basis.

Employees of the Target Group belong to a defined contribution plan pursuant to which a monthly contribution is paid by the relevant Target Group Companies into the plan. Accordingly, no amounts have been set aside or accrued by any Target Group Company for the Directors and executive officers to provide for pension, retirement or similar benefits.

As at the Latest Practicable Date, neither the Company nor the Target Group has any employee share schemes. Accordingly, none of the Proposed New Directors, Proposed New Executive Officers or employees of the Enlarged Group has been granted any options to subscribe for shares in any company in the Enlarged Group.

11.6 Service Agreements

The Company has entered into separate service agreements (the “**Service Agreements**”, each a “**Service Agreement**”) with (a) the proposed Chief Executive Officer and Executive Director, Mr. Iqbal Jumabhoy; (b) the proposed Chief Financial Officer, Ms. Vanida Traitodsaporn; and (c) the proposed Chief Investment Officer, Mr. Surawat Suwanyangyuen, the salient terms of which are in line with market practice.

Chief Executive Officer

The Service Agreement of Mr. Jumabhoy provides for compensation in the form of a fixed monthly salary, with an annual increment (if any) as may be determined by the Company following an annual review of his performance. Any such annual increment will be as recommended by the New Remuneration Committee and approved by the Proposed New Board.

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Pursuant to the Service Agreement, Mr. Jumabhoy may also be entitled to an annual variable bonus, during the continuance of his employment, to be determined by the Company at its absolute discretion, based on, amongst others, the Company’s assessment of his performance against key performance indicators.

The Service Agreement of Mr. Jumabhoy shall take effect from Closing and shall be for an initial period of three (3) years unless terminated pursuant to the terms of the Service Agreement and, subject to the approval of the Proposed New Board, shall be renewed for another year on the same terms and conditions thereafter.

Mr. Jumabhoy’s employment may be terminated at convenience for any reason whatsoever by giving, *inter alia*, three (3) months’ notice to the non-terminating party.

The Company may also terminate his employment immediately, with written notice and without any compensation, under certain specified conditions, which include, amongst others, him becoming disqualified to serve as an executive officer of the Company, committing any act of dishonesty, gross misconduct, wilful neglect or fraud, being convicted of any criminal offence other than an offence which in the Company’s opinion does not affect his position within the Enlarged Group, committing any breach of any of the terms and conditions of the Service Agreement, or any regulation or rule generally applying to the Company’s employees as may be introduced by the Company from time to time, and committing any act of misconduct or neglect in the discharge of his duties which will in the Company’s view negatively affect the goodwill and/or reputation of the Company and/or any member of the Enlarged Group.

The Service Agreement of Mr. Jumabhoy also contains non-compete provisions that apply for the duration of his employment and for a period of 12 months following the termination of his employment which prohibit, among other things, his engagement or involvement in any business concern which competes or shall compete with the Enlarged Group’s business except with the prior written consent of the Company (which consent will be withheld only insofar as may be reasonably necessary to protect the legitimate interests of the Company). The Proposed New Board will assess on a case-by-case basis based on the prevailing facts as to whether consent will be given or withheld (with Mr. Jumabhoy abstaining in respect of any decision concerning him). The Service Agreement also contains restrictions on the disclosure of confidential information concerning the business or affairs of the Company.

Chief Financial Officer

The Service Agreement of Ms. Traitodsaporn provides for compensation in the form of a fixed monthly salary, with an annual increment (if any) as may be determined by the Company following an annual review of her performance. Any such annual increment will be as recommended by the New Remuneration Committee and approved by the Proposed New Board.

Pursuant to the Service Agreement, Ms. Traitodsaporn may also be entitled to an annual variable bonus, during the continuance of her employment, to be determined by the Company at its absolute discretion, based on, amongst others, the Company’s assessment of her performance against key performance indicators.

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The Service Agreement of Ms. Traitodsaporn shall take effect from Closing and shall be for an initial period of three (3) years unless terminated pursuant to the terms of the Service Agreement and, subject to the approval of the Proposed New Board, shall be renewed for another year on the same terms and conditions thereafter. Ms. Traitodsaporn has been the accounting executive vice president of DTGO Group since 2016, and will join the Company full-time from Closing.

Ms. Traitodsaporn’s employment may be terminated at convenience for any reason whatsoever by giving, *inter alia*, three (3) months’ notice to the non-terminating party.

The Company may also terminate her employment immediately, with written notice and without any compensation, under certain specified conditions, which include, amongst others, her becoming disqualified to serve as the Chief Financial Officer of the Company, committing any act of dishonesty, gross misconduct, wilful neglect or fraud, being convicted of any criminal offence other than an offence which in the Company’s opinion does not affect her position within the Enlarged Group, committing a material breach of the terms and conditions of the Service Agreement, or any regulation or rule generally applying to the Company’s employees as may be reasonably introduced by the Company from time to time, and committing any act of misconduct or neglect in the discharge of her duties which will in the Company’s view negatively affect the goodwill and/or reputation of the Company and/or any member of the Enlarged Group.

The Service Agreement of Ms. Traitodsaporn also contains non-compete provisions that apply for the duration of her employment and for a period of 12 months following the termination of his employment which prohibit, among other things, her engagement or involvement in any business concern which competes or shall compete with the Enlarged Group’s business except with the prior written consent of the Company (which consent will be withheld only insofar as may be reasonably necessary to protect the legitimate interests of the Company). The Proposed New Board will assess on a case-by-case basis based on the prevailing facts as to whether consent will be given or withheld. The Service Agreement also contains restrictions on the disclosure of confidential information concerning the business or affairs of the Company.

Chief Investment Officer

The Service Agreement of Mr. Suwanyangyuen provides for compensation in the form of a fixed monthly salary, with an annual increment (if any) as may be determined by the Company following an annual review of her performance. Any such annual increment will be as recommended by the New Remuneration Committee and approved by the Proposed New Board.

Pursuant to the Service Agreement, Mr. Suwanyangyuen may also be entitled to an annual variable bonus, during the continuance of his employment, to be determined by the Company at its absolute discretion, based on, amongst others, the Company’s assessment of his performance against key performance indicators.

The Service Agreement of Mr. Suwanyangyuen shall take effect from Closing and shall be for an initial period of three (3) years unless terminated pursuant to the terms of the Service Agreement and, subject to the approval of the Proposed New Board, shall be renewed for another year on the same terms and conditions thereafter.

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Mr. Suwanyangyuen’s employment may be terminated at convenience for any reason whatsoever by giving, inter alia, three (3) months’ notice to the non-terminating party.

The Company may also terminate his employment immediately, with written notice and without any compensation, under certain specified conditions, which include, amongst others, him becoming disqualified to serve as the Chief Investment Officer of the Company, committing any act of dishonesty, gross misconduct, wilful neglect or fraud, being convicted of any criminal offence other than an offence which in the Company’s opinion does not affect his position within the Enlarged Group, committing a material breach of the terms and conditions of the Service Agreement, or any regulation or rule generally applying to the Company’s employees as may be reasonably introduced by the Company from time to time, and committing any act of misconduct or neglect in the discharge of his duties which will in the Company’s view negatively affect the goodwill and/or reputation of the Company and/or any member of the Enlarged Group.

The Service Agreement of Mr. Suwanyangyuen also contains non-compete provisions that apply for the duration of his employment and for a period of 12 months following the termination of his employment which prohibit, among other things, his engagement or involvement in any business concern which competes or shall compete with the Enlarged Group’s business except with the prior written consent of the Company (which consent will be withheld only insofar as may be reasonably necessary to protect the legitimate interests of the Company). The Proposed New Board will assess on a case-by-case basis based on the prevailing facts as to whether consent will be given or withheld. The Service Agreement also contains restrictions on the disclosure of confidential information concerning the business or affairs of the Company.

Save for the proposed Chief Executive Officer and Executive Director, the Company has not entered into a Service Agreement with any of the Proposed New Board.

None of the Proposed New Board (including the proposed Chief Executive Officer and Executive Director) has entered, or proposes to enter, into Service Agreements with the Company, the Target Company or any Target Group Company or subsidiary or subsidiary entity of the Enlarged Group which provides for benefits upon termination of employment.

11.7 Material Background Information

Save as disclosed below, as at the date of this Circular, none of the Proposed New Directors, Proposed New Executive Officers or controlling shareholders of the Enlarged Group has:

- (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two (2) years after the date he or she ceased to be a partner;
- (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity, or at any time within two (2) years after the date he or she ceased to be a director or an equivalent

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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;

- (c) any unsatisfied judgment against him or her;
- (d) 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 of which he or she is aware) for such purpose;
- (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
- (f) at any time during the last 10 years, had judgment entered against him or her 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 or her part, or been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
- (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) 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;
- (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;
- (j) ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (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;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

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in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; and

- (k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr. Iqbal Jumabhoy

In the first half of the 1990s, Mr. Jumabhoy along with other members of the Jumabhoy family, was a member of the board of directors of Scotts Holdings Limited (“**Scotts Holdings**”). In connection with a serious family dispute which could not be internally resolved, litigation was commenced by members of the Jumabhoy family against other members of the family, including Mr. Jumabhoy. Some of the family members involved in the litigation, including Mr. Jumabhoy, were directors of Scotts Holdings. No judgment was entered into against Mr. Jumabhoy as a result of the litigation commenced by certain members of the Jumabhoy family against, amongst others, Mr. Jumabhoy.

In August 1995, a Jumabhoy family member made a complaint to the Commercial Affairs Department (“**CAD**”) regarding a land transaction in India, which also involved Mr. Jumabhoy. Investigations into the affairs of Scotts Holdings were commenced by the CAD in 1995.

In 1997, the Stock Exchange of Singapore (“**SES**”) issued a public reprimand to three (3) members of the Jumabhoy family (including Mr. Jumabhoy) who had served as executive directors for failures to comply with SES’ continuing listing requirements, *inter alia*, for Scotts Holdings’ entry into interested party transactions between 1993 and 1996 without seeking the necessary shareholder approval and for a misrepresentation of Scotts Holdings’ position with regard to a corporate guarantee. Subsequently, after a failure to procure a majority of independent directors in Scotts Holdings as directed by the SES, three (3) members of the Jumabhoy family, including Mr. Jumabhoy, were in 1997 restricted by the SES from holding directorships of other listed companies in Singapore, except with its permission. There were no restrictions on Mr. Jumabhoy remaining a director of Scotts Holdings.

In 1998, the CAD wrote two (2) letters of warning in lieu of prosecution to Mr. Jumabhoy for alleged offences under the Companies Act during 1991 to 1995, relating to the authorisation of loans to another company in which directors of Scotts Holdings held majority interest, the backdating of contracts, obtaining loans from Scotts Holding while appointed as a director, the making of a material misstatement in the listing prospectus of Scotts Holdings and a failure to act with reasonable diligence as a director with respect to a land transaction in India. In his reply, Mr. Jumabhoy refused to accept the CAD’s findings and did not acknowledge its allegations, while reserving his rights. No further action was taken by the CAD against Scotts Holdings or any of its officers or directors, including Mr. Jumabhoy.

Mr. Jumabhoy resigned from his executive position with Scotts Holdings as Chief Operating Officer in 1996, but he continued in his capacity as a non-executive director for a further two (2) years until 1998, when he accepted an offer to join the East Asiatic Company Ltd. A/S (“**EAC**”) as its Executive Vice President/Group Chief Financial Officer. After an approach was made by Mr. Jumabhoy and the Chairman of the EAC, Singapore

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Exchange Limited (the successor to the SES) on 6 June 2005 expressed that it had no objections to Mr. Jumabhoy being appointed as a director of companies listed on the SGX-ST.

Having considered that there was no action or judgment entered into against Mr. Jumabhoy and the Singapore Exchange Limited had expressed that it had no objections to Mr. Jumabhoy being appointed as a director of companies listed on the SGX-ST, the Proposed New Board and New Nominating Committee are of the view that Rule 406(3)(b) of the Catalist Rules is complied with in respect of Mr. Jumabhoy.

Mr. Christopher Tang Kok Kai

Mr. Tang was previously on the board of directors of various entities within the Frasers Property group – which entities operate within the real estate and property management industry.

During the period in which Mr. Tang was an executive director of Frasers Property Management Services Pte. Ltd. (“**FPMS**”), investigations were commenced by the Ministry of Manpower against FPMS following a workplace accident at Alexandra Technopark in March 2014. The investigations concluded with an admission of liability by FPMS to a charge of failing to implement reasonably practicable measures to minimise the risk and such safe work procedures to control the risk in the workplace, in contravention of Regulation 4(2) of the Workplace Safety and Health (Risk Management) Regulations, and a fine of S\$6,000 was imposed on FPMS. No fines were imposed on Mr. Tang personally.

In January 2019, during the period in which Mr. Tang was a non-executive director of Ascendas Frasers Pte. Ltd. (“**AFPL**”), the Competition and Consumer Commission of Singapore issued an infringement decision to the owner(s) and manager of Capri by Fraser Changi City (“**Capri**”) in relation to Section 34 of the Competition Act 2004 of Singapore concerning the alleged exchange of commercially sensitive information with three (3) other hotels in connection with the provision of hotel room accommodation in Singapore to corporate customers from 2014 to 2015. Financial penalties were imposed on (amongst others) AFPL (the owner of Capri until 30 March 2015), Frasers Hospitality Trustee Pte. Ltd as trustee-manager of Frasers Hospitality Changi Trust (the owner of Capri from 31 March 2015), and Frasers Hospitality Pte. Ltd. (“**FHPL**”) (the operator appointed by the owners to attend to all matters relating to the day-to-day management and operation of Capri).

In accordance with a management agreement between AFPL and FHPL, FHPL was engaged as the sole and exclusive manager and operator of Capri until 30 March 2015, pursuant to which FHPL was entrusted with the activity of sales and marketing of hotel rooms in Capri to corporate customers. Liability for the infringement was attributed to AFPL and FHPL as a single economic entity. Accordingly, AFPL’s liability arose not out of its own actions but by virtue of it (as owner) being considered as a single economic entity with FHPL. There were no criminal investigations against Mr. Tang in his capacity as a director of AFPL and no fines were imposed on Mr. Tang personally.

Having considered that Mr. Tang was involved solely in his capacity as director of the company being investigated, and there were no fines imposed on Mr. Tang personally, the Proposed New Board and New Nominating Committee are of the view that Rule 406(3)(b) of the Catalist Rules is complied with in respect of Mr. Tang.

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12. CORPORATE GOVERNANCE

12.1 Board Practices

The Proposed New Board recognises the importance of corporate governance to the Shareholders and will exert best efforts to implement the principles and provisions set out under the Code of Corporate Governance and following Closing, the Catalist Rules.

After Closing, the Proposed New Board will be assisted by three (3) board committees: the Audit Committee, the Remuneration Committee and the Nominating Committee.

12.2 New Audit Committee

The New Audit Committee will comprise Mr. Chiew Chun Wee, Mr. Christopher Tang Kok Kai and Mr. Lee Kwai Seng. The chairman of the New Audit Committee will be Mr. Chiew Chun Wee.

Responsibilities of the New Audit Committee include, among others:

- assisting the Proposed New Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Enlarged Group;
- reviewing and reporting to the Proposed New Board significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviewing the half-yearly and annual financial statements before submission to the Proposed New Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- reviewing the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements of the Enlarged Group;
- reviewing the external auditors’ audit plan and audit reports (including assessing and reporting to the Proposed New Board the quality of the work carried out and the basis of such assessment, and evaluating the performance of the external auditors), and the external auditors’ evaluation of the system of internal accounting controls, with the external auditors, as well as the assistance given by management to the external auditors;
- meeting with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually and reviewing the co-operation extended by management to the internal auditors and the external auditors;
- reviewing and reporting to the Proposed New Board, at least annually, the adequacy and effectiveness of the internal control systems (including financial, operational, compliance and information technology controls) and risk management policies and systems of the Enlarged Group;
- monitoring and reviewing the implementation of the internal auditors’ and external auditors’ recommendations for internal control weaknesses (if any);

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- reviewing the risk profile of the Enlarged Group, its internal control and risk management procedures, including financial, operational, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Proposed New Board;
- commissioning and reviewing the findings of investigations by internal or external auditors into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Enlarged Group’s operating results or financial position, and the management’s response;
- reviewing the adequacy and effectiveness of the Enlarged Group’s risk management and internal audit function, and reviewing the adequacy, effectiveness, independence, scope and results of the internal audit function and procedures and management’s response and follow-up actions;
- reviewing any interested person transactions as defined in the Catalist Rules (see Section 13.4 of this Target’s Letter to Shareholders titled “*Review Procedures for Future Interested Person Transactions*”), including (without limitation) any extension of time for repayment, or changes to the repayment terms, of the DTP Inter Holdings Loan;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit (including the independence and objectivity of the external auditors);
- ensuring that the internal audit function is independent, effective and adequately resourced and staffed with persons with the relevant qualifications and experience, and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- being the primary reporting line of the internal audit function and ensuring that the internal audit function has direct, unrestricted and unfettered access to all the Enlarged Group’s documents, records, properties and personnel, including the Chairman of the Proposed New Board and the New Audit Committee, and has appropriate standing within the Enlarged Group;
- approving the appointment, termination and remuneration of the head of the internal audit function and/or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- making recommendations to the Proposed New Board on the proposals to Shareholders on the appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Proposed New Board and exercising directors’ fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, the New Audit Committee will consider whether a conflict of interests does in fact exist. A Director who is a member of the New Audit Committee will not participate in any proceedings of the New Audit Committee in relation to the review of a conflict of interests relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the New Audit Committee may deem reasonably necessary;

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- having oversight over and monitoring compliance with the Deed of Undertaking, including compliance with the ROFO and ROFR. Please refer to Section 14.3 of this Target’s Letter to Shareholders titled “*Deed of Undertaking – Right of First Offer and Right of First Refusal*”.
- reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- reviewing regulatory compliance matters, at least on a quarterly basis, with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches;
- reviewing the key financial risk areas and monitoring cash flows of the Enlarged Group;
- undertaking such other reviews and projects as may be requested by the Proposed New Board, and reporting to the Proposed New Board its findings from time to time on matters arising and requiring the attention of the New Audit Committee;
- generally undertaking such other functions and duties as may be required by statute, the Code of Corporate Governance or the Catalist Rules, or by such amendments as may be made thereto from time to time;
- assessing the performance of the Chief Financial Officer, for the relevant period, on an annual basis to determine his or her suitability of the position;
- oversight over the Enlarged Group’s compliance with all loan covenants in its external borrowings;
- reviewing the adequacy of and approving procedures put in place related to any hedging policies to be adopted by the Enlarged Group;
- monitoring the use of net proceeds due to the Company from the Proposed Compliance Placement and ensuring that any material deviation from the stated use of proceeds will be announced in accordance with the Catalist Rules;
- reviewing and establishing procedures for receipt, retention and treatment of complaints received in relation to the Enlarged Group, including criminal offences involving the Enlarged Group or its employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on the Enlarged Group and ensuring that arrangements are in place for the independent investigations of such matters and for appropriate follow-up;
- having oversight over and monitoring compliance with the Deed of Information Undertaking;
- oversight of the Enlarged Group’s plans to build its finance team including assessing the suitability of any replacement or successor Chief Financial Officer and the sufficiency of staffing resources of the finance team; and
- monitoring the implementation of a policy and procedures for sustainability governance and reporting.

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Apart from the duties listed above, the New Audit Committee shall review the Company’s policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and the significant matters raised through the whistle-blowing channel. The New Audit Committee shall ensure that these arrangements allow such concerns to be safely raised and independently investigated, and proportionate and independent investigation of such matters and appropriate follow up action be taken.

Internal Controls

Pre-listing internal controls

In connection with the Proposed Acquisition, the Target Group has engaged the Internal Controls Reviewer to conduct an internal controls review of the head office for centralised procedures, as well as the hotel operations. Such internal controls review encompassed, *inter alia*, front office management and F&B operations at selected hotels, as well as general controls and compliance, receivables and payments, and IT general controls. The Proposed New Board notes that the Target Group has implemented remediation measures to rectify all high and medium risk weaknesses identified in the pre-listing internal controls review, and is of the view that such remediation measures have been in place for a sufficient run-in period to assess their effectiveness, taking into consideration the following:

- (a) such remediation measures for all the high and medium risk weaknesses are sufficient in terms of adopting the recommendations to formalise the internal controls;
- (b) the follow-up review processes during the run-in period from June to July 2023, which involved the Internal Controls Reviewer selecting samples, where available, to check that the remediation measures were effective over the run-in period; and
- (c) in respect of those types of transactions which are envisaged to occur post-Closing but for which no instances had occurred during the run-in period (and for which review of remediation measures to rectify internal control weaknesses in respect thereof during the run-in period could not therefore be performed), the Proposed New Board noted (i) the sufficiency of the design and implementation of the internal control measures in respect of those types of transactions; and (ii) that the effectiveness of remediation measures to rectify internal control weaknesses in respect of such transactions which are expected to occur post-Closing will be assessed as part of the ongoing internal audit after Closing.

Following Closing, the New Audit Committee will continually review the adequacy and effectiveness of the Enlarged Group’s internal control procedures and, if necessary, outsource the internal audit function to ensure the adequacy and sufficiency of internal control systems and risk management policies and systems of the Enlarged Group. The Target Group has yet to decide on the third-party firm to undertake the internal audit function but has undertaken to the Sponsor that the New Audit Committee shall appoint an internal auditor within one (1) month after Closing. The New Audit Committee will have oversight over the remediation measures to rectify internal control weaknesses identified by the Internal Controls Reviewer (including the identified low risk internal control weaknesses which remain at Closing, as well as any other internal control weaknesses which may be identified by the internal auditors pursuant to its annual internal audits post-Closing).

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Internal controls and risk management systems

Based on (i) the internal controls and risk management framework established and maintained by the Target Group; (ii) work performed by the Internal Controls Reviewer on the internal control policies and procedures in respect of certain financial, operational and compliance controls; (iii) no material internal control findings having been raised by the external auditors in the ordinary course of their audit that may have a significant effect on the preparation of the consolidated financial statements of the Target Group for the Period Under Review; and (iv) reviews performed by management and the New Audit Committee, the Proposed New Board is of the view that the internal controls (including operational, financial, compliance and information technology controls) and risk management systems of the Target Group are adequate and effective as at the date of this Circular to address financial, operational, compliance and information technology controls risks, which the Target Group considers relevant and material to its operations. In view of the foregoing, the New Audit Committee concurs with the Proposed New Board’s comments on its assessment of the internal controls and risk management systems of the Target Group.

The Proposed New Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Target Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Proposed New Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

12.3 New Nominating Committee

The New Nominating Committee comprises Mr. Bunyong Visatemongkolchai, Mr. Chiew Chun Wee and Mr. Christopher Tang Kok Kai. The chairman of the New Nominating Committee is Mr. Bunyong Visatemongkolchai.

Responsibilities of New Nominating Committee include, among others:

- establishing a formal and transparent process for the appointment and re-appointment of Directors to the board of Directors, taking into account the need for progressive renewal of the Proposed New Board, and assessing annually the effectiveness of the board of Directors as a whole, and that of each of the board committees and individual Directors;
- making recommendations to the Proposed New Board on relevant matters relating to:
 - o the review of the Proposed New Board’s succession plans for Directors, in particular, the appointment and/or replacement of the Chairman of the Proposed New Board, the Chief Executive Officer and other persons having authority and responsibility for planning, directing and controlling the activities of the Company (“**Key Management Personnel**”);
 - o the review of training and professional development programmes for the Proposed New Board and the Directors; and
 - o the appointment and re-appointment of Directors (including alternate Directors, if any);

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- identifying suitable candidates, reviewing, making recommendations and approving nominations for the positions of Director or alternate Director (whether appointment or re-appointment) and membership of board committees (including the New Audit Committee, the New Remuneration Committee and the New Nominating Committee), as well as appraise the qualifications and experience of any proposed new appointments to the Proposed New Board and to recommend to the Proposed New Board whether the nomination should be supported;
- reviewing and making recommendations on the diversity policy of the Proposed New Board, including qualitative and measurable quantitative objectives (where appropriate) as well as reviewing and reporting to the Proposed New Board on the Company’s progress towards achieving such objectives;
- reviewing and determining, on an annual basis and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code of Corporate Governance and any other salient factors;
- where a Director has multiple board representations and other principal commitments, deciding whether the Director is able to and has been adequately carrying out his or her duties as Director, taking into consideration the Director’s number of listed company board representations and other principal commitments;
- reviewing and approving any new employment of related persons and the proposed terms of their employment;
- undertaking a formal annual assessment of the effectiveness of the Proposed New Board as a whole and the board committees and for assessing the contribution of the Chairman of the Proposed New Board and each individual Director to the effectiveness of the Proposed New Board. The Chairman of the Proposed New Board will act on the results of the performance evaluation of the Proposed New Board, and in consultation with the Proposed New Board, propose, where appropriate, new members to be appointed to the Proposed New Board or seek the resignation of Directors;
- ensuring that the Directors disclose their relationships with the Enlarged Group, related corporations, Substantial Shareholders or officers which may affect their independence and reviewing such disclosures from the Directors and highlighting these to the Proposed New Board as required; and
- undertaking such functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

In addition, each member of the New Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of the New Nominating Committee in which he or she has a conflict of interest in the subject matter under consideration.

The New Nominating Committee will also make recommendations to the Proposed New Board on the development of a process for evaluation of the performance of the Proposed New Board, the board committees and the Directors. In this regard, the New Nominating Committee will decide how the Proposed New Board’s performance is to be evaluated and propose objective performance criteria.

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12.4 New Remuneration Committee

The New Remuneration Committee comprises Mr. Christopher Tang Kok Kai, Mr. Bunyong Visatemongkolchai and Mr. Chiew Chun Wee. The chairman of the New Remuneration Committee is Mr. Christopher Tang Kok Kai.

Responsibilities of the New Remuneration Committee include, among others:

- reviewing and recommending to the Proposed New Board:
 - o a comprehensive framework of remuneration for the Proposed New Board and Key Management Personnel; and
 - o the specific remuneration packages for each of the Directors and Key Management Personnel;
- ensuring the remuneration policies and systems of the Enlarged Group, as approved by the Proposed New Board, support the Enlarged Group’s objectives and strategies, and are consistently administered and being adhered to within the Enlarged Group;
- in the case of service agreements, reviewing the Company’s obligations arising in the event of termination of an Executive Director or Key Management Personnel’s service agreement, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- proposing, for adoption by the Proposed New Board, measurable, appropriate and meaningful performance criteria to assist in the evaluation of the performance of Key Management Personnel, individual Directors and of the Proposed New Board as a whole;
- reviewing the remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation, and the relevant statements in the annual report; and
- undertaking such functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

The New Remuneration Committee shall also ensure that the level and structure of remuneration are aligned with the long-term interest and risk policies of the Enlarged Group and should be appropriate, to attract, retain and motivate (a) the Directors to provide good stewardship of the Enlarged Group; and (b) Key Management Personnel to successfully manage the Company or the Enlarged Group for the long term, as well as ensure accountability of the Enlarged Group.

If a member of the New Remuneration Committee has an interest in a matter being reviewed or considered by the New Remuneration Committee, he will abstain from being involved in the decision or voting on that matter.

12.5 Arrangements or Understandings

There are no family relationships among any of the Proposed New Board, the Proposed New Executive Officers or the substantial shareholders of the Target Group.

There are no arrangements or understandings with any substantial shareholder, customer or supplier of the Target Group or any other person pursuant to which any of the Proposed New Board or Proposed New Executive Officers were selected.

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13. INTERESTED PERSON TRANSACTIONS

Under the Catalist Rules, transactions between an entity at risk and an interested person are known as interested person transactions.

For the purposes of the Catalist Rules, an “entity at risk” refers to:

- (a) the Company;
- (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the listing group or the listed group and its interested person(s) has control over the associated company,

upon Closing of the Proposed Acquisition.

Shareholders should note that upon Closing, the Target Group Companies will become subsidiaries of the Company. Accordingly, any transaction entered into between the Enlarged Group and any of the Company’s interested persons upon Closing (namely the Proposed New Board, the proposed Chief Executive Officer and controlling shareholders of the Company upon Closing and/or their respective associates) (collectively, “**Interested Persons**” and each, an “**Interested Person**”) would constitute interested person transactions for the purpose of Chapter 9 of the Catalist Rules.

Certain terms such as “associate”, “associated company”, “control”, “controlling shareholder”, “interested person” and “interested person transaction” used in this Section have the meanings as provided in the Catalist Rules and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

This Section sets out the material interested person transactions entered into by the Target Group and Enlarged Group for the Relevant Period. Save as disclosed in this Section, and in Section 3.4 of this Target’s Letter to Shareholders titled “*Restructuring Exercise in Respect of Target Group*” and Section 14 of this Target’s Letter to Shareholders titled “*Potential Conflicts of Interest*”, there has been no interested person transaction which is material in the context of the Proposed Acquisition for the Relevant Period.

In line with Chapter 9 of the Catalist Rules, a transaction which value is less than S\$100,000 is not considered material in the context of the Proposed Acquisition and is not taken into account for the purposes of aggregation in this Section.

The Enlarged Group may continue to transact with some of the Interested Persons as disclosed below after Closing. Save as otherwise provided in this Section, Shareholders are deemed to have specifically approved the interested person transactions set out below with the relevant Interested Persons and as such, these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent there are no subsequent material changes to the terms of the agreements in relation to each of these transactions.

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13.1 Interested Persons

The following is a list of Interested Persons who had transacted with the Target Group and the Enlarged Group during the Relevant Period:

Interested Person	Relationship
DTP Inter Holdings Corporation Pte. Ltd.	Controlling shareholder of the Company upon Closing
DTGO Prosperous Limited	Controlling shareholder of the Company upon Closing by virtue of its deemed interest in the Shares held by DTP Inter Holdings Corporation Pte. Ltd.
DTGO Corporation Limited	Controlling shareholder of the Company upon Closing by virtue of its deemed interest in the Shares held by DTP Inter Holdings Corporation Pte. Ltd.
Magnolia Quality Development Corporation Limited	Subsidiary of (and hence associate of) DTGO Corporation Limited, a controlling shareholder of the Company upon Closing
Dees Supreme Limited	Wholly-owned subsidiary of (and hence associate of) DTGO Corporation Limited, a controlling shareholder of the Company upon Closing

13.2 Past Interested Person Transactions

Details of the past material transactions between the Target Group and Interested Persons for the Relevant Period are as follows:

Restructuring – Transfer of DTP Management Limited

Pursuant to the Restructuring, DTP Inter Holdings acquired the entire issued and paid-up share capital of DTP Management Limited from DTP Infinities Corporation Limited (a Target Group Company). DTP Management Limited holds 25 per cent. of the issued share capital of Valor. For further information on the Restructuring, please refer to Section 3.4 of this Target’s Letter to Shareholders titled “*Restructuring Exercise in Respect of Target Group*”.

The consideration of £5.0 million for the acquisition of DTP Management Limited from DTP Infinities Corporation Limited was based on historical cost, and the transaction was completed on 14 August 2023.

The above-mentioned acquisition was entered into on an arm’s length basis and on normal commercial terms, and is not prejudicial to the interest of the Enlarged Group and the minority Shareholders.

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Provision of loans by controlling shareholders and their associate to the Target Group

Certain controlling shareholders of the Target Group, DTP and DTGO Corporation, and associates of the controlling shareholders of the Target Group, Magnolia Quality Development Corporation Limited (“**MQDC**”) and Dees Supreme Limited, have provided loans to the Target Group, as described below.

No.	Lender	Borrower	Purpose of loan	Interest rate (per annum)	Amount outstanding as at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
1.	DTP	DTP Infinities Limited	Working capital	7.22% to 12.60%	Nil	GBP 92,393,586 ⁽¹⁾ (GBP 94,295,382 including interest) ⁽¹⁾
2.	MQDC	DTP Infinities Limited	Working capital and loan repayment	8.25%	Nil	GBP 87,583,391 ⁽¹⁾ (GBP 89,565,353 including interest) ⁽¹⁾
3.	DTGO Corporation	DTP Infinities Limited	Working capital	7.35% to 13.25%	Nil	GBP 21,844,881 ⁽¹⁾ (GBP 1,715,461 including interest) ⁽¹⁾
4.	Dees Supreme Limited	DTP Infinities Limited	Funding working capital and capital expenditure of the Target Group’s business (in particular, financing of real estate and other investments, including investments in hotel business in the United Kingdom) during the period of the COVID-19 pandemic	7.35%	Nil ⁽²⁾	GBP 141,152,788 (GBP 145,161,275 including interest)

Note:

- (1) Amount includes the original loan amount from such controlling shareholder, as well as loan(s) subsequently assigned to such controlling shareholder from another controlling shareholder.
- (2) The largest amount outstanding under the loan from Dees Supreme Limited (the “**Dees Supreme Loan**”) owing by the Target Group as at 30 June 2023 was £96,077,000 (approximately £96,217,000 including interest).

The shareholders loans extended by the relevant lenders were unsecured, ranged in tenors of approximately eight (8) months to three (3) years (typically with a provision for the principal repayment date to be changed by mutual agreement) and comprising fixed rate loans.

The interest rates charged on (a) the loans referred to in items 1 to 3 the table above were determined based on the lender’s cost of funds with an agreed margin (reflecting the market at the relevant time when the loan was provided); and (b) the Dees Supreme Loan

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was comparable to market rates at the relevant time. Accordingly, the loans were entered into on an arm’s length basis and on normal commercial terms, and are not prejudicial to the interests of the Enlarged Group and the minority Shareholders.

The Target Group has generally addressed new financing requirement via shareholder loans instead of bank loans or borrowings from other third parties given that the terms of such shareholder loans tend to be more flexible, for example as regards repayment terms, interest payments (which may be accrued and added to principal) and collateral requirements.

The loans referred to in the table above (together with the interest expense on such loans) were ultimately transferred and/or assigned to DTP Inter Holdings, and thereafter capitalised pursuant to the Aggregate Loans Capitalisation, and hence are no longer outstanding. See Section 13.3 of this Target’s Letter to Shareholders titled “*Present and Ongoing Interested Person Transactions – Provision of loans by DTP Inter Holdings to the Target Group*” for further information on the Aggregate Loans Capitalisation.

Security Support Services

DTP had, pursuant to a Security Support Services Agreement entered into between DTP Infinities Corporation Limited and DTP on 23 June 2021, provided administrative coordination and support services to facilitate the issuing of bank guarantees and letters of credit for the benefit of DTP Infinities Corporation Limited’s business in the United Kingdom.

The service fee paid to DTP in connection with the Security Support Service Agreement was the aggregate of (i) a fixed fee of THB 4,628,469; and (ii) expenses incurred in relation to the performance of the services. The fixed fee of THB 4,628,469 was fully paid in the period from 1 January 2023 to the Latest Practicable Date.

The service fees under the Security Support Services Agreement were on a cost recovery basis, and accordingly on an arm’s length basis and on normal commercial terms. The Security Support Services Agreement ceased on 31 January 2023, and will not recur post-Closing.

13.3 Present and Ongoing Interested Person Transactions

Details of the present and on-going transactions between the Target Group and Interested Persons for the Relevant Period are as follows:

Provision of loans by DTP Inter Holdings to the Target Group

DTP Inter Holdings, a controlling shareholder of the Target Group, has provided loans at interest rates of between 7.25 to 10.40 per cent. per annum to the Target Group for the purpose of funding working capital and repaying other shareholders loans (the “**DTP Inter Holdings Loan**”). These loans include (amongst others) (a) loans in the amount of £97 million which were assigned by Dees Supreme Limited to DTP Inter Holdings on 1 September 2023 (the “**Assigned Dees Supreme Loan**”) (please refer to Section 13.2 of this Target’s Letter to Shareholders titled “*Past Interested Person Transactions – Provision of loans by controlling shareholders and their associate to the Target Group*” for further details); and (b) the Additional DTP Inter Holdings Loan (as defined below).

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The DTP Inter Holdings Loan was partially capitalised into equity (i) on 12 June 2023 (pursuant to the Existing Shareholder Loans Capitalisation) by way of issuance to DTP Inter Holdings of 148,099,433 Target Company Shares for a consideration of US\$148,099,433; and (ii) on 1 September 2023 (pursuant to the Subsequent Additional Capitalisation) by way of issuance to DTP Inter Holdings of 75,638,957 Target Company Shares for a consideration of US\$279,212,682. The interest expenses related to the DTP Inter Holdings Loan which were capitalised in the Existing Shareholder Loans Capitalisation and the Subsequent Additional Capitalisation were included in the total amount capitalised at that time.

The amounts owing by the Target Group under the DTP Inter Holdings Loan as at 30 June 2023 and as at the Latest Practicable Date is Nil and £37.1 million (approximately £37.9 million including interest) respectively.

The largest amount outstanding under the DTP Inter Holdings Loan owing by the Target Group during the Relevant Period was £115.9 million (approximately £117.4 million including interest). The DTP Inter Holdings Loan is unsecured. Save for the portion of the DTP Inter Holdings Loan comprised of the Additional DTP Inter Holdings Loan (for which see “– *Additional DTP Inter Holdings Loan*” below), the interest rate charged on the DTP Inter Holdings Loan was comparable to market rates at the relevant time and hence was entered into on an arm’s length basis and on normal commercial terms, and is not prejudicial to the interests of the Enlarged Group and the minority Shareholders.

Undertaking from DTP Inter Holdings

Further to the assignment of the Assigned Dees Supreme Loan to DTP Inter Holdings, DTP Inter Holdings had in view of the Target Group’s financial position provided an undertaking to the Target Company, pursuant to which DTP Inter Holdings had irrevocably:

- (i) agreed to extend the loan maturity date to 30 June 2025 (“**Extended Maturity Date**”); and
- (ii) undertaken not to call for repayment of any outstanding loan including accrued interest due and payable under the Dees Supreme Loan until the Extended Maturity Date (or such other date to be mutually agreed between DTP Inter Holdings and DTP Infinities Limited).

As no consideration was paid by the Target Group to DTP Inter Holdings to procure the undertaking, the undertaking was not provided on an arm’s length basis nor on normal commercial terms, but is not prejudicial to the interests of the Enlarged Group or the minority Shareholders.

As the remaining loan from DTP Inter Holdings is a present and continuing interested person transaction, any extension of time for repayment or changes to the repayment terms of such loan will be subject to oversight of the New Audit Committee in accordance with its terms of reference.

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Additional DTP Inter Holdings Loan

On 21 November 2023, DTP Inter Holdings agreed to provide a further loan of £15 million at an interest rate of 8.1 per cent. per annum to the Target Group for the purpose of funding working capital, £12 million of which has been drawn down as at 1 December 2023 by the Target Group⁴³ (the “**Additional DTP Inter Holdings Loan**”). The maturity date of the Additional DTP Inter Holdings Loan is on 30 June 2025. As the interest rate of the Additional DTP Inter Holdings Loan was determined on a cost of funds plus margin basis (8.0 per cent. being DTP Inter Holdings’ cost of funds plus 0.1 per cent. margin), the Additional DTP Inter Holdings Loan was not made on an arm’s length basis or on normal commercial terms, but is not prejudicial to the interests of the Enlarged Group and the minority Shareholders.

In general, the Target Group does not intend to seek further loans from its controlling shareholders and/or their associates post-Closing. However, in the event of exceptional circumstances, the Target Group remains able to commence negotiations with its controlling shareholders and/or their associates if required in the interests of the Target Group. Any such loans will be subject to the approval and/or review procedures applicable to future interested persons transactions, as set out in Section 13.4 of the Target’s Letter to Shareholders titled “*Review Procedures for Future Interested Person Transactions*” and in compliance with Chapter 9 of the Catalist Rules.

Project Management Services Agreements with DTP

For the Relevant Period, DTP provides services for the benefit of the Target Group’s overall hospitality business in the Hotels, covering procurement, office administration, research and innovation, corporate finance and planning, accounting, human resources management and legal services. Such services have been provided by DTP pursuant to project management services agreements entered into with DTP Infinities Corporation Limited (from the 2019 Transaction to the end of FY2022) and with the Target Company (from the start of FY2023) (collectively, the “**Management Services Agreements**”, each a “**Management Services Agreement**”).

The services described above may be supplemented by additional services as required by the Target Group. For example, an additional project management services agreement was entered into between DTP and DTP Infinities Corporation Limited in respect of the period from 1 March 2021 to 31 December 2021 (the “**Enhanced Management Services Agreement**”) in relation to loan restructuring related work, including arranging for restructuring negotiations with the lenders on the financing terms on behalf of the Target Group.

The amounts paid to DTP for the above-mentioned services was £1.0 million in FY2020, £3.5 million in FY2021, £2.25 million in FY2022, and accrued monthly at £187,500 per month (at £2,250,000 per annum) for the period from 1 January 2023 to the Latest Practicable Date.

⁴³ The loan drawdown of £12 million forms part of the Pro Forma Adjustments. Please refer to Section 9 of this Target’s Letter to Shareholders titled “*Capitalisation and Indebtedness*” for further information.

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Unless terminated earlier in accordance with its terms, the term of the Management Services Agreement currently in force will cease in 2025, approximately two (2) years from Closing (the “**Term**”). The Management Services Agreement is intended to be a transitional arrangement, to allow the Target Company time to supplement its relevant in-house capabilities following Closing of the Proposed Acquisition. The Target Company intends to recruit the relevant personnel to supplement its in-house capabilities. The Term of the Management Services Agreement is intended to cater for this transitional period, and the Target Company does not intend to extend the Management Services Agreement beyond the Term.

The service fees under the Management Services Agreements and the Enhanced Management Services Agreement were agreed on a cost recovery basis based on the estimated man hours incurred from deploying the relevant personnel from DTP to provide the relevant services under the Management Services Agreements and the Enhanced Management Services Agreement, and accordingly on an arm’s length basis and on normal commercial terms. The Management Services Agreements and the Enhanced Management Services Agreement are also not prejudicial to the interests of the Enlarged Group and the minority Shareholders.

In view of the services provided by DTP under the Management Services Agreements until 2025, the annual internal audit plan will incorporate a review of internal controls relating to the provision of such services, for purposes of compliance with Rule 719 of the Catalyst Rules post-Closing.

Deeds of Guarantee and Indemnity from DTGO Corporation

In connection with the Hotel Franchise Agreements relating to AC Hotel by Marriott Birmingham and AC Hotel by Marriott Manchester Salford Quays (the “**Relevant Hotels**”), two (2) deeds of guarantee and indemnity were concluded between the relevant Franchisor and DTGO Corporation on 10 December 2019 (the “**Guarantees**”). Under the Guarantees, DTGO Corporation (a) unconditionally and irrevocably guarantees to the relevant Franchisor punctual performance of certain terms and conditions of these Hotel Franchise Agreements relating to the payment of the unamortised portion of the Key Money granted by the relevant Franchisor for the renovation of the Relevant Hotels (the obligation relating to such Key Money as described in the foregoing being the “**Guaranteed Obligations**”) in the event that the relevant Hotel Franchise Agreement is terminated during its term; and (b) guarantees and undertakes to the relevant Franchisor that whenever the relevant Franchisee does not pay any amount that is a Guaranteed Obligation when due, DTGO Corporation will immediately following demand pay that amount as if it was the principal obligor.

As a separate and independent obligation, DTGO Corporation unconditionally and irrevocably agrees to indemnify the relevant Franchisor immediately on demand against any cost, loss or liability suffered or incurred by the relevant Franchisor from the date of the Guarantees as a result of or in connection with (a) the relevant Franchisee failing to perform when due any of its obligations relating to the Guaranteed Obligations; or (b) any obligation guaranteed by DTGO Corporation under the guarantee being or becoming unenforceable, invalid or illegal. The amount payable by DTGO Corporation under the indemnity will not exceed the amount it would have had to pay under the Guarantees if the amount claimed had been recoverable on the basis of a guarantee. The indemnities provided by DTGO Corporation to the relevant Franchisor will continue until the Guaranteed Obligations have been performed.

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Pursuant to the relevant Hotel Franchise Agreements, if DTGO Corporation, as the guarantor under the Guarantees, is unable to pay its debts as they fall due or is subject to bankruptcy, insolvency or similar proceedings, the relevant Franchisor will have a right to terminate the relevant Hotel Franchise Agreements with immediate effect.

The Key Money under each of these Hotel Franchise Agreements is amortised over the term of such agreement⁴⁴. The largest amount guaranteed under the Guarantees during the Relevant Period was approximately £700,000.

As no consideration was paid by the Target Group to DTGO Corporation to procure the provision of the Guarantees, the Guarantees were not provided on an arm’s length basis nor on normal commercial terms, but they are not prejudicial to the interests of the Enlarged Group or the minority Shareholders.

The Target Group intends to move the Guarantees to the Company post-Closing. In the event that this proposal is not implemented, DTGO Corporation has agreed to continue to provide such corporate guarantees and indemnities until the expiry of the said Hotel Franchise Agreements.

Deferral by Dees Supreme Limited and DTP of outstanding trade amounts

On 21 November 2023, Dees Supreme Limited had agreed with the Target Company and DTP had agreed with the Target Company and DTP Infinities Corporation Limited to irrevocably defer the settlement of outstanding trade amounts of £11.4 million as at 30 June 2023 (owed by the Target Group pursuant to the Security Support Services Agreement, the Management Services Agreements and the Enhanced Management Services Agreement) until 30 June 2025.

As no consideration was paid by the Target Group to Dees Supreme Limited and DTP to procure the agreements, the agreements were not provided on an arm’s length basis nor on normal commercial terms, but are not prejudicial to the interests of the Enlarged Group or the minority Shareholders.

Undertaking Relating to Capitalisation

In order to minimise the amount of interested person transactions for the Enlarged Group, which is beneficial from a corporate governance perspective, DTGO Corporation has pursuant to the Deed of Undertaking undertaken to procure the Relevant DTGO Entity(ies) to capitalise all of the outstanding amounts which, as of 30 June 2025, are owing to the Relevant DTGO Entity(ies) from the Target Group, provided that such capitalisation will be (i) subject to the prior approval of the Shareholders at an extraordinary general meeting to be convened after 30 June 2025; (ii) carried out by the Company issuing new ordinary shares at the then prevailing market price as consideration for such capitalisation; and (iii) subject to the applicable Catalist Rules. For avoidance of doubt, (i) the amounts

⁴⁴ Key Money (including unamortised portion of Key Money) are recognised as deferred income within current liabilities and the amortisation amount each financial year is recognised in profit or loss within other income.

The Key Money for refurbishment purposes does not include the property improvements committed under the Hotel Franchise Agreements as it has been committed in the past prior to the 2019 Transaction mainly to upbrand the Crowne Plaza and AC Hotel by Marriott Hotels in 2015 and 2016. The property improvements are considered additional commitments from the Target Group.

No additional Key Money has been received by the Target Group since the 2019 Transaction.

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outstanding include, but is not limited to, trade payables, loan principal and interest; and (ii) in the event that approval of Shareholders is not obtained, the aforementioned capitalisation will not proceed.

As no consideration was paid by the Target Group to DTGO Corporation to procure the undertaking, the undertaking is not provided on an arm’s length basis nor on normal commercial terms, but is not prejudicial to the interests of the Enlarged Group or the minority Shareholders.

13.4 Review Procedures for Future Interested Person Transactions

All future interested person transactions (including, for example, future loans (if any) from the controlling shareholders of the Target Group) will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Catalist Rules, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Enlarged Group and the minority Shareholders.

In the event that interested person transactions require the approval of the Proposed New Board and the New Audit Committee, relevant information will be submitted to the Proposed New Board or the New Audit Committee for review. In the event that such interested person transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

Transactions falling within the categories below, if any, will be reviewed quarterly by the New Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account.

Such review includes the examination of the transaction and its supporting documents, a review of at least two (2) comparative quotes from unrelated parties where applicable or practicable, or such other data deemed necessary by the New Audit Committee to ensure that the transactions are carried out on normal commercial terms. The New Audit Committee will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

In the review of all future interested person transactions the following procedures will be applied:

- (a) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0 per cent. of the value of the Enlarged Group’s net tangible assets will be subject to review by the New Audit Committee at regular intervals;
- (b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0 per cent. of the value of the Enlarged Group’s net tangible assets will be reviewed and approved by the New Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the

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transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

A register will be maintained to record all interested person transactions (incorporating the basis, amount and nature, on which they are entered into and any quotation from unrelated parties obtained to support such basis). The New Audit Committee will review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with. The Target Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

The annual internal audit plan will incorporate a review of all interested person transactions entered into. The New Audit Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the New Audit Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Enlarged Group and its Interested Persons are conducted on arm’s length commercial terms and are not prejudicial to the interests of the Enlarged Group or the minority Shareholders.

In the event that a member of the New Audit Committee is interested in any interested person transaction, he/she will abstain from reviewing that particular transaction. The Enlarged Group will also disclose the aggregate value of interested person transactions conducted during the current financial year in its annual report, as required pursuant to the Catalist Rules.

14. POTENTIAL CONFLICTS OF INTEREST

14.1 Potential Conflicts of Interest

Save as disclosed below and in Section 13 of this Target’s Letter to Shareholders titled “*Interested Person Transactions*”, none of the Proposed New Board or controlling shareholders of the Target Company and/or their respective associates has any interest directly or indirectly in:

- (a) any material transaction to which any company in the Enlarged Group was or is to be a party;
- (b) any entity carrying on the same business or dealing in similar services which competes materially and directly with the business of the Enlarged Group; and
- (c) any entity that is a customer or supplier of goods or services to the Enlarged Group.

14.2 Potential Conflicts of Interest of Directors and Executive Officers

Certain of the Company’s Proposed New Directors (specifically Mr. Hansa Susayan and Mrs. Sasinan Allmand) hold concurrent positions and roles in certain controlling shareholders of the Target Group and/or associates of controlling shareholders of the Target Group, and such concurrent positions and roles are proposed to continue post-Closing.

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Mr. Hansa Susayan and Mrs. Sasinan Allmand

Each of the Proposed New Board, the New Nominating Committee and the Sponsor is of the view that (i) Mr. Hansa Susayan is suitable to be appointed as the Vice Chairman of the Proposed New Board and Non-Executive Director of the Company, notwithstanding his concurrent appointments as executive director on the boards of certain controlling shareholders of the Target Group and/or associates of controlling shareholders of the Target Group, and (ii) Mrs. Allmand is suitable to be appointed as Non-Executive Director of the Company, notwithstanding her concurrent role as the president and country director of the Japan branch office of DTGO Corporation, based on the following reasons:

- (a) as Non-Executive Directors of the Company, Mr. Susayan will primarily focus on the Enlarged Group’s overall business, investment strategy and strategy development, and Mrs. Allmand will primarily focus on the Enlarged Group’s marketing strategy. These are high-level strategic roles and neither Mr. Susayan nor Mrs. Allmand will be involved in the overall day-to-day running of the business operations and management of the Enlarged Group;
- (b) the day-to-day running of the business operations and management of the Company is primarily undertaken by the proposed Chief Executive Officer Mr. Iqbal Jumabhoy, who is well supported by the Proposed New Executive Officers and management;
- (c) it is in the interests of DTGO Corporation, as a controlling shareholder of the Company post-Closing (with a deemed interest of approximately 84.8 per cent. of the enlarged share capital of the Company), to ensure the success of the Company (which will become a subsidiary of DTGO Corporation post-Closing), both for the DTGO Group and Enlarged Group, which would also be aligned with the interests of other shareholders of the Company.

Mr. Susayan and Mrs. Allmand will, given their concurrent roles within the DTGO Group, be able to consider overall strategies to align the interests of the relevant controlling shareholders of the Enlarged Group and the Enlarged Group (and its shareholders) and to make recommendations in the best interests of the DTGO Group, which includes the Enlarged Group. In particular, Mr. Susayan and Mrs. Allmand will be able to give guidance as to the DTGO Group’s policies for the Proposed New Board to consider and for the Proposed New Board to decide whether to adopt such policies or modify as appropriate for the Enlarged Group, and to provide guidance on the strategic directions of the DTGO Group to the Proposed New Board and management of the Enlarged Group to consider with the view to ensuring that the best interests of the DTGO Group including the Enlarged Group are aligned. Mr. Susayan’s and Mrs. Allmand’s extensive business experience and knowledge, coupled with their concurrent roles within DTGO Corporation, provide him/her with valuable insight into the wider commercial and market environment, which may be valuable intelligence that is relevant to the business of the Enlarged Group;

- (d) each of Mr. Susayan and Mrs. Allmand will recuse himself/herself from discussions on conflicted matters, unless he/she is specifically invited by the Proposed New Board, or has the Proposed New Board’s consent and the Proposed New Board believes that he/she is able to provide relevant information without which the Proposed New Board may make an unsound decision;

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- (e) each of Mr. Susayan and Mrs. Allmand will recuse himself/herself from voting on conflicted matters and will excuse himself/herself from the meeting at the time when voting takes place, especially in relation to any matters relating to the ROFO or ROFR, as well as any other interested person transactions with the controlling shareholders of the Enlarged Group and their associates that may arise from time to time; and
- (f) the proposed Independent Directors of the Company are established and experienced individuals who comprise three (3) out of seven (7) members of the Proposed New Board, and do not overlap with the directors of any DTGO Group entity.

Based on the foregoing, each of the Proposed New Board, the New Nominating Committee and the Sponsor is of the view that (i) Mr. Susayan is able to devote adequate time and attention to the affairs of the Company; and potential conflicts of interest have been adequately mitigated, and accordingly Mr. Susayan is suitable to be appointed as the Vice Chairman and Non-Executive Director notwithstanding his concurrent appointments as executive director on the boards of certain controlling shareholders of the Target Group and/or associates of such controlling shareholders; and (ii) Mrs. Allmand is able to devote adequate time and attention to the affairs of the Company; and potential conflicts of interest have been adequately mitigated, and accordingly Mrs. Allmand is suitable to be appointed as a Non-Executive Director notwithstanding her concurrent role at DTGO Corporation.

The New Nominating Committee will continue to monitor and determine annually whether each of Mr. Susayan and Mrs. Allmand will be able to devote adequate time and attention to the affairs of the Company and adequately carry out his/her duties as (in the case of Mr. Susayan) Vice Chairman of the Proposed New Board and (in the case of both Mr. Susayan and Mrs. Allmand) Non-Executive Director.

14.3 Deed of Undertaking – Right of First Offer and Right of First Refusal

Upon Closing, DTGO Corporation will be a controlling shareholder of the Company. DTGO Corporation and its subsidiaries have business operations across several commercial sectors including, amongst others, hospitality businesses and services, as well as property development and its related businesses including commercial and retail buildings, alongside its non-profit initiatives in education, healthcare and the environment. Insofar as the DTGO Group’s hospitality and real estate business is concerned, the focus is on developmental projects, whereas the investment focus of the Enlarged Group is on hospitality or lodging-related assets which are operational and revenue-generating (see Section 4.2 of this Target’s Letter to Shareholders titled “*Business and Operations – Ownership and Investment Focus – Investment Focus and Criteria*” for further information regarding the investment focus of the Enlarged Group). Accordingly, there is generally no overlap in the core business areas of the DTGO Group and the Enlarged Group. However, given the scope and scale of the DTGO Group’s business and operations, there may on occasions be overlaps between the investment foci of the DTGO Group and the Enlarged Group, for example in relation to hospitality assets which were constructed by the DTGO Group and subsequently become operational.

To preserve the inherent business advantages of scale, synergy, capabilities and expertise embedded within the existing DTGO Corporation ecosystem in order to benefit the Company while mitigating potential competition concerns, the Company and DTGO

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Corporation had on 7 December 2023 entered into a deed of undertaking (the “**Deed of Undertaking**”) pursuant to which DTGO has granted a ROFO and a ROFR to the Company, giving priority to the Enlarged Group in the matters covered by the ROFO and the ROFR.

Duration and Definitions

The Deed of Undertaking will become effective on the Closing Date (the “**Effective Date**”) and shall continue until terminated by either party giving written notice to the other party if any of the following events occur:

- (a) the Company ceases to be listed on the SGX-ST;
- (b) DTGO Corporation ceases to be a controlling shareholder of the Company; or
- (c) DTGO Corporation ceases to have control (as defined in the Catalist Rules) over the Company.

For purposes of the Deed of Undertaking:

“**Relevant Asset**” refers to any operational and revenue-generating (but excluding, for the avoidance of doubt, development or under construction) properties for hospitality or lodging-related uses (such as hotels, serviced apartments, purpose-built student accommodation and workers’ dormitories) located anywhere in the world, and where the context so admits, shall include the shares and equity interests of any single purpose company or entity established to hold the Relevant Asset;

“**Relevant DTGO Entity**” means DTGO Corporation or any of its subsidiaries (but which shall exclude, from and after Closing, the Enlarged Group) (and for the avoidance of doubt, as DTPHREIT (as defined below) is not a subsidiary of DTGO Corporation, DTPHREIT is not a Relevant DTGO Entity); and

“**Relevant Group Entity**” means the Company or any of its subsidiaries;

ROFO

The ROFO operates to give the Company a right of first offer under certain terms and conditions to acquire all or any part of a Relevant Asset or all or any interest in any Relevant Asset that a Relevant DTGO Entity wishes to dispose of, save in the following circumstances:

- in the case of a Relevant Asset that is wholly-owned by a Relevant DTGO Entity as at or after the Effective Date, the ROFO shall be subject to any contractual obligation of the Relevant DTGO Entity (including any obligation to provide a right of first refusal, a right of first offer or other similar right to any third party) in relation to the Relevant Asset. The obligations of DTGO Corporation under the ROFO shall apply to any Relevant Asset that is not acquired by such third party after the fulfilment of such contractual obligations of the Relevant DTGO Entity and/or the decline, non-exercise or lapse of the underlying contractual rights of such third party;
- in the case of a Relevant Asset that is owned by a joint venture, consortium or partnership of which a Relevant DTGO Entity is a joint venture party, consortium party or partner (as the case may be) as at or after the Effective Date, the ROFO shall

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be subject to the terms of the relevant joint venture agreement, shareholders’ agreement or partnership agreement or any other binding contractual obligations agreed between the Relevant DTGO Entity (including any obligation to provide a right of first refusal, right of first offer or other similar right to any joint venture party, consortium party, partner or third party (the “**Relevant Third Parties**”, each a “**Relevant Third Party**”)) and the other Relevant Third Parties in relation to the Relevant Asset. The obligations of DTGO Corporation under the ROFO shall apply to any Relevant Asset that is not acquired by such Relevant Third Party after the fulfilment of such contractual obligations of the Relevant Third Parties and/or the decline, non-exercise or lapse of the underlying contractual rights of such Relevant Third Parties. For the avoidance of doubt, in the case where there is a tag-along right or similar binding obligations under the joint venture agreement, partnership agreement, shareholders’ agreement or any other binding contractual obligations agreed between the Relevant DTGO Entity and the Relevant Third Parties and the Company is the party acquiring the Relevant Asset of which the Relevant DTGO Entity disposes, the Company shall be obliged with such tag-along right or similar binding obligations under the joint venture agreement, partnership agreement, shareholders’ agreement or any other binding contractual obligations;

- the ROFO shall not apply to the disposal of any interest in the Relevant Assets by a Relevant DTGO Entity to another Relevant DTGO Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant DTGO Entity between the shareholders as may be provided in any shareholders agreement; and
- the ROFO is subject to the applicable laws, regulations and government policies which are relevant to the acquisition and/or transfer of the Relevant Assets.

For the avoidance of doubt, each of DTGO Corporation and the Relevant DTGO Entity retains the discretion as to whether to proceed with the proposed disposal and/or whether the proposed disposal shall be in respect of the Relevant Asset, or shares or equity interests, as the case may be, in any single purpose company or entity established solely to hold the Relevant Asset.

The Company may exercise the right to acquire a Relevant Asset (or, as the case may be, the interests in the Relevant Asset) as principal or in favour of any Relevant Group Entity. For the avoidance of doubt, the grant of a lease over any Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a proposed disposal for the purposes of the ROFO from DTGO Corporation to the Company.

The ROFO does not extend to any interests which are or may be in the future subject to other contractual rights of first refusal and rights of first offer which have been or may be granted to third parties unless such third party declines or does not exercise such rights to acquire. This exclusion is proposed to address the situation that, in the case of any current or future Relevant Assets that are held or will be held by a Relevant DTGO Entity as co-owner together with other Relevant Third Parties, the disposal of such Relevant Assets would typically be subject to contractual obligations (including other contractual rights of first refusal and rights of first offer which have been or may be granted to third parties) agreed between the parties. In such situations, DTGO Corporation may not be in a position to extend the ROFO to the Company until after such third-party contractual rights are exercised or declined.

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Notwithstanding the above, the Relevant DTGO Entity will use all reasonable efforts to facilitate the process for third parties to consider and exercise or decline to exercise the contractual rights granted to such third parties.

In the event that:

- the Company rejects or does not indicate its written interest in purchasing the Relevant Asset or, as the case may be, the interest in the Relevant Asset, within 30 days (or such other period as may be mutually agreed by the parties) from the date of the Company’s receipt of the notice of right of first offer;
- the Company or any Relevant Group Entity does not enter into a binding commitment (in the form of a sale and purchase agreement, whether conditional or unconditional) for the purchase of the Relevant Asset or, as the case may be, the interest in the Relevant Asset, within 60 days (or such other period as may be mutually agreed by the parties) from the date of the Company’s receipt of the notice of right of first offer; or
- the proposed acquisition of the Relevant Asset or, as the case may be, the interest in the Relevant Asset, is aborted by the Relevant Group Entity due to any reason whatsoever,

DTGO Corporation shall be deemed to have discharged its obligations in relation to such ROFO and the Relevant DTGO Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms (including pricing) no more favourable to the third party than those indicated in the notice of right of first offer.

For the avoidance of doubt, in the event that the proposed disposal of a Relevant Asset by the Relevant DTGO Entity to a third party does not proceed to completion, such Relevant Asset is not further subject to the ROFO if the Relevant DTGO Entity decides to dispose of such Relevant Asset at a later date.

With regards to hospitality assets currently operational and held by the DTGO Group and development projects currently undertaken by the DTGO Group, these assets and projects are currently located in Thailand and are not in competition with the Hospitality Assets held by the Target Group in the United Kingdom.

As of the date of this Circular, there are two (2) existing assets which fall within the definition of “Relevant Asset”, namely (i) Waldorf Astoria Hotel, a hotel located in Bangkok, Thailand which was developed by Magnolia Finest Corporation Limited (which is a Relevant DTGO Entity); and (ii) U Hotel, a hotel located in Khao Yai, Thailand was developed by Magnolia Hotels & Resorts Company Limited (which is a Relevant DTGO Entity).

Both Waldorf Astoria Hotel and U Hotel are currently held by DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition (“**DTPHREIT**”), which is managed by DTP Global REIT Management Ltd. (an entity which is 99.9% owned by DTP) as trust manager. DTPHREIT is not a subsidiary of DTGO Corporation (and accordingly not part of the DTGO Group), and there are third party investors in DTPHREIT. As these assets were already held by DTPHREIT, it was not contemplated that they would form part of the portfolio of hospitality assets held by the Enlarged Group.

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A Relevant DTGO Entity has a right to buy back Waldorf Astoria Hotel and U Hotel from DTPHREIT. In the event that such Relevant DTGO Entity exercises the right to buy back Waldorf Astoria Hotel and/or U Hotel (and therefore subsequently owns such Relevant Asset), such Relevant Asset will fall within the scope of and be subject to the ROFO.

ROFR

The ROFR operates to give the Company a right of first refusal under certain terms and conditions, in the event that a Relevant DTGO Entity receives any proposed offer of sale of or investment opportunity in any Relevant Assets (the “**Relevant Opportunity**”) from a third party (the “**Relevant Seller**”), to explore the Relevant Opportunity with the Relevant Seller.

The Company may exercise its rights under the ROFR as principal or in favour of any Relevant Group Entity.

The notice of right of first refusal shall be provided by DTGO Corporation, either directly or through the Relevant DTGO Entity, to the Company within 30 days of receiving the Relevant Opportunity from the Relevant Seller (or such longer period as may be mutually agreed between DTGO Corporation and the Company). Upon receipt of a ROFR Notice, the Company shall be responsible for exploring the Relevant Opportunity with the Relevant Seller.

In the event that:

- the Company rejects or does not indicate in writing to the Relevant Seller (with a copy to the Relevant DTGO Entity), its intention to pursue the Relevant Opportunity within 30 days (or such other period as may be mutually agreed by the parties) from the date of the Company’s receipt of the notice of right of first refusal or by such date which may be prescribed by the Relevant Seller, whichever is earlier;
- the Company or any Relevant Group Entity does not enter into a binding commitment (in the form of a sale and purchase agreement, whether conditional or unconditional) for the purchase or investment prescribed by the Relevant Opportunity with the Relevant Seller, within 60 days (or such other period as may be mutually agreed by the parties) from the date of the Company’s receipt of the notice of right of first refusal; or
- the pursuit of the Relevant Opportunity is aborted by the Relevant Group Entity due to any reason whatsoever,

DTGO Corporation shall be deemed to have discharged its obligations in relation to such ROFR and the Relevant DTGO Entity shall be free to pursue the Relevant Opportunity with the Relevant Seller without the consent of the Company.

For the avoidance of doubt, in the event that the Relevant DTGO Entity does not complete the purchase or investment of a Relevant Asset prescribed by the Relevant Opportunity, there is no requirement for such Relevant Opportunity to be subject to the ROFR and offered to the Enlarged Group if it is made available again to the Relevant DTGO Entity at a later date.

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Further, in the event that the Relevant DTGO Entity completes the purchase or investment of a Relevant Asset prescribed by the Relevant Opportunity, there is no requirement in the event that the Relevant DTGO Entity wishes to dispose of such Relevant Asset, for the disposal of such Relevant Asset to be subject to the ROFO.

14.4 Mitigation of Potential Conflicts of Interest

In addition to the provision of the Deed of Undertaking by DTGO Corporation and the mitigating factors described above in respect of Mr. Hansa Susayan (the proposed Vice Chairman and Non-Executive Director of the Company) and Mrs. Sasinan Allmand (a proposed Non-Executive Director of the Company), any potential conflicts of interest, whether with Directors, controlling shareholders and their respective associates or otherwise, are mitigated as follows:

- (a) Directors have a duty to disclose their interests in respect of any contract, proposal, transaction or any other matter whatsoever in which they have any personal material interest, directly or indirectly, or any actual or potential conflicts of interest (including conflicts of interest that arise from any of their directorships or executive positions or personal investments in any other corporations) that may involve them. Upon such disclosure, such Directors shall not participate in any proceedings of the Proposed New Board, and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the New Audit Committee has determined that no such conflict of interest exists;
- (b) the Audit Committee is required to examine the internal control procedures and review procedures put in place by the Enlarged Group to determine if such procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Enlarged Group and the minority Shareholders;
- (c) the New Audit Committee will review any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Proposed New Board and exercising directors’ fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, the New Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of the New Audit Committee will not participate in any proceedings of the New Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the New Audit Committee may deem reasonably necessary;
- (d) upon Closing, the Enlarged Group will be subject to Chapter 9 of the Catalyst Rules in relation to interested person transactions. The objective of these rules is to ensure that interested person transactions do not prejudice the interests of the Shareholders as a whole. These rules require the Company to make prompt announcements, disclosures in its annual report and/or seek Shareholders’ approval for certain material Interested Person Transactions. The New Audit Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to the Enlarged Group, and not prejudicial to its interests and the interests of the minority Shareholders;

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- (e) the Directors owe fiduciary duties to the Company, including the duty to act in good faith and in its best interests. The Directors are also subject to a duty of confidentiality that, save to the extent permitted under Singapore law, precludes a Director from disclosing to any third party (including any of the Shareholders or their associates) information that is confidential; and
- (f) the New Audit Committee will, following Closing, undertake the following additional responsibilities:
 - (i) review on a periodic basis the framework and processes established above for the implementation of the terms of the Deed of Undertaking in order to ensure that such framework and processes remain appropriate; and
 - (ii) review and assess from time to time the prevailing processes put in place to manage any material conflicts of interest with the controlling shareholders of the Target Company and consider, where appropriate, the additional measures for the management of such conflicts.

15. GENERAL AND STATUTORY INFORMATION

15.1 Material Contracts

The material contracts entered into by the Target Group within the two (2) years preceding the date of lodgement of this Circular (not being contracts entered into in the ordinary course of the business of the Target Group), are as follows:

- (a) the SPA;
- (b) the Seller’s Loan Agreement;
- (c) the Restructuring Agreement;
- (d) the Management Services Agreement between the Target Company and DTP dated 1 March 2022;
- (e) the Management Services Agreement between the Target Company and DTP dated 21 July 2023;
- (f) the Deed of Undertaking; and
- (g) the Deed of Information Undertaking.

15.2 Material Litigation

The Target Group is not engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this Circular, a material effect on the financial position or profitability of the Enlarged Group.

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15.3 Miscellaneous

The Proposed New Board is not aware of any event which has occurred since 1 January 2023 up to the Latest Practicable Date which may have had a material effect on the financial position and results of the Enlarged Group or the financial information provided in this Circular or this Target’s Letter to Shareholders.

The contact details of the Target Company are set out below:

Address of registered office	:	PO Box 31493 5th Floor, Zephyr House, 122 Mary Street Grand Cayman, KY1-1206 Cayman Islands
Address of principal place of business in United Kingdom	:	St. James House, 3rd Floor, South Wing, 27-43 Eastern Road, Romford, Essex, United Kingdom, RM1 3NH
Telephone Number	:	+44 (0) 7539193262
Email Address	:	robert_ch@dtgo.com
Address of principal place of business in Singapore	:	C/O DTP Inter Holdings Corporation Pte. Ltd. 1 Raffles Place #28-02 One Raffles Place Singapore 048616
Telephone Number	:	+65 6333 8813
Fax Number	:	+65 6234 0940

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP
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DTP Infinities Limited and its subsidiaries

Combined Financial Statements
Years ended 31 December 2020, 2021 and 2022

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FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

**Independent auditors’ report on the Combined Financial Statements
for the Years Ended 31 December 2020, 2021 and 2022**

The Board of Directors
DTP Infinities Limited

Report on the audit of financial statements

Opinion

We have audited the combined financial statements of DTP Infinities Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the combined statements of financial position of the Group as at 31 December 2020, 2021 and 2022, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2020, 2021 and 2022, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages B-12 to B-62.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Standards”) International Financial Reporting Standards (“IFRS”) so as to give a true and fair view of the combined financial position of the Group as at 31 December 2020, 2021 and 2022 and of the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the financial years ended 31 December 2020, 2021 and 2022.

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 ‘*Auditors’ responsibilities for the audit of the combined financial statements*’ section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and directors for the combined financial statements

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with IFRS, 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 combined 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.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

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

Auditors’ responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined 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 combined 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 auditors’ report to the related disclosures in the combined 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 auditors’ 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 combined financial statements, including the disclosures, and whether the combined 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 combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Restriction on Distribution and Use

This report is made solely to you as a body for inclusion in the circular to shareholders to be issued in connection with the proposed acquisition of the entire issued and paid-up share capital of the Company and for no other purpose.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore

Tan Kar Yee, Linda
Partner-in-charge

7 December 2023

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED
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FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

**Combined Statements of Financial Position
As at 31 December 2020, 2021 and 2022**

	Note	2022 GBP’000	Group 2021 GBP’000	2020 GBP’000
Non-current assets				
Property, plant and equipment	4	363,725	392,262	358,764
Goodwill	5	–	–	–
Derivative financial assets	6	12,840	1,742	211
Deferred tax asset	13	16,533	–	–
		<u>393,098</u>	<u>394,004</u>	<u>358,975</u>
Current assets				
Inventories	7	924	766	715
Trade and other receivables	8	6,813	4,131	2,813
Cash and cash equivalents	9	28,475	22,193	9,270
		<u>36,212</u>	<u>27,090</u>	<u>12,798</u>
Total assets		<u>429,310</u>	<u>421,094</u>	<u>371,773</u>
Equity				
Share capital	10	1	1	1
Revaluation reserve	11	3,409	7,960	3,712
Accumulated losses		(177,817)	(149,022)	(154,091)
Equity attributable to owner of the Company		<u>(174,407)</u>	<u>(141,061)</u>	<u>(150,378)</u>
Non-current liabilities				
Loans and borrowings	12	306,446	313,242	5,716
Deferred tax liabilities	13	3,469	3,275	2,141
		<u>309,915</u>	<u>316,517</u>	<u>7,857</u>
Current liabilities				
Loans and borrowings	12	6,849	21,837	333,585
Trade and other payables	14	286,953	223,801	180,709
		<u>293,802</u>	<u>245,638</u>	<u>514,294</u>
Total liabilities		<u>603,717</u>	<u>562,155</u>	<u>522,151</u>
Total equity and liabilities		<u>429,310</u>	<u>421,094</u>	<u>371,773</u>

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COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP
FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

**Combined Statements of Comprehensive Income
Years ended 31 December 2020, 2021 and 2022**

	Note	2022 GBP’000	Group 2021 GBP’000	2020 GBP’000
Revenue	15	128,799	88,149	44,217
Cost of sales		(60,040)	(39,711)	(26,875)
Gross profit		<u>68,759</u>	<u>48,438</u>	<u>17,342</u>
Other income		3,378	41,171	–
Administrative expenses		(61,529)	(47,571)	(46,627)
Other expenses		(35,441)	(6,884)	(81,841)
Results from operating activities		<u>(24,833)</u>	<u>35,154</u>	<u>(111,126)</u>
Finance income	17	11,520	–	–
Finance costs	17	(32,173)	(29,584)	(25,505)
Net finance costs		<u>(20,653)</u>	<u>(29,584)</u>	<u>(25,505)</u>
(Loss)/Profit before tax	16	(45,486)	5,570	(136,631)
Tax expense	18	16,691	(501)	1,827
(Loss)/Profit for the year		<u>(28,795)</u>	<u>5,069</u>	<u>(134,804)</u>
(Loss)/Profit for the year attributable to owner of the Company		<u>(28,795)</u>	<u>5,069</u>	<u>(134,804)</u>
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Revaluation of property, plant and equipment		(4,199)	4,881	4,194
Related deferred tax	13	(352)	(633)	(482)
Other comprehensive income for the year, net of tax		<u>(4,551)</u>	<u>4,248</u>	<u>3,712</u>
Total comprehensive income for the year		<u>(33,346)</u>	<u>9,317</u>	<u>(131,092)</u>
Total comprehensive income for the year attributable to shareholder of the Company		<u>(33,346)</u>	<u>9,317</u>	<u>(131,092)</u>
Earnings per share attributable to the ordinary equity holder of the Company during the financial year				
- Basic (GBP)		<u>(28,795)</u>	<u>5,069</u>	<u>(134,804)</u>
- Diluted (GBP)		<u>(28,795)</u>	<u>5,069</u>	<u>(134,804)</u>

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OF THE TARGET GROUP FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

Combined Statement of Changes in Equity
Year ended 31 December 2020, 2021 and 2022

	Attributable to owner of the Company			
	Share capital GBP'000	Revaluation reserve GBP'000	Accumulated losses GBP'000	Total equity GBP'000
At 1 January 2020	1	–	(19,287)	(19,286)
Total comprehensive income for the year	–	–	(134,804)	(134,804)
Loss for the year				
Other comprehensive income				
Revaluation of property, plant and equipment	–	4,194	–	4,194
Related deferred tax	–	(482)	–	(482)
Total other comprehensive income	–	3,712	–	3,712
Total comprehensive income for the year	–	3,712	(134,804)	(131,092)
At 31 December 2020	1	3,712	(154,091)	(150,378)

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OF THE TARGET GROUP FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

Combined Statement of Changes in Equity (cont'd)
Year ended 31 December 2020, 2021 and 2022

	Attributable to owner of the Company			
	Share capital GBP'000	Revaluation reserve GBP'000	Accumulated losses GBP'000	Total equity GBP'000
At 1 January 2021	1	3,712	(154,091)	(150,378)
Total comprehensive income for the year	–	–	5,069	5,069
Profit for the year				
Other comprehensive income				
Revaluation of property, plant and equipment	–	4,881	–	4,881
Related deferred tax	–	(633)	–	(633)
Total other comprehensive income	–	4,248	–	4,248
Total comprehensive income for the year	–	4,248	5,069	9,317
At 31 December 2021	1	7,960	(149,022)	(141,061)

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Combined Statement of Changes in Equity (cont'd)
Year ended 31 December 2020, 2021 and 2022

	Attributable to owner of the Company			
	Share capital GBP'000	Revaluation reserve GBP'000	Accumulated losses GBP'000	Total equity GBP'000
At 1 January 2022	1	7,960	(149,022)	(141,061)
Total comprehensive income for the year	–	–	(28,795)	(28,795)
Loss for the year				
Other comprehensive income				
Revaluation of property, plant and equipment	–	(4,199)	–	(4,199)
Related deferred tax	–	(352)	–	(352)
Total other comprehensive income	–	(4,551)	–	(4,551)
Total comprehensive income for the year	–	(4,551)	(28,795)	(33,346)
At 31 December 2022	1	3,409	(177,817)	(174,407)

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP
FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

**Combined Statements of Cash Flows
Year ended 31 December 2020, 2021 and 2022**

	Note	2022 GBP’000	Group 2021 GBP’000	2020 GBP’000
Cash flows from operating activities				
(Loss)/Profit before tax		(45,486)	5,570	(136,631)
Adjustments for:				
Depreciation of property, plant and equipment	4	12,676	13,298	14,774
Inventory written off		154	242	460
Reversal of expected credit loss (“ECL”) on trade receivables	25	(164)	(25)	–
Impairment losses/(Reversal of impairment losses) on property, plant and equipment (net)	4	31,406	(38,740)	74,463
Impairment of goodwill		–	–	5,658
Release of franchisor contributions		(139)	(139)	(139)
Finance income	17	(11,520)	–	–
Finance costs	17	32,173	29,584	25,505
		19,100	9,790	(15,910)
Changes in working capital:				
- Inventories		(312)	(293)	210
- Trade and other receivables		(2,518)	(1,293)	4,922
- Trade and other payables		(2,108)	4,142	(16,390)
Net cash generated from/(used in) operating activities		14,162	12,346	(27,168)
Cash flows from investing activities				
Purchase of property, plant and equipment	4	(19,744)	(3,175)	(2,492)
Acquisition of other financial assets	6	–	(1,742)	(211)
Net cash used in investing activities		(19,744)	(4,917)	(2,703)
Cash flows from financing activities				
Proceeds of loan from immediate holding company	12	–	4,383	–
Proceeds of loans from intermediate holding companies	12	49,561	20,496	23,666
Repayment of secured bank loans	12	(21,800)	(6,800)	(3,859)
Interest paid on secured bank loans	12	(15,483)	(12,147)	(13,110)
Payment of lease liabilities	12	(414)	(438)	(465)
Net cash generated from financing activities		11,864	5,494	6,232

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED
COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP
FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

**Combined Statements of Cash Flows (cont’d)
Year ended 31 December 2020, 2021 and 2022**

	Note	2022 GBP’000	Group 2021 GBP’000	2020 GBP’000
Net increase/(decrease) in cash and cash equivalents		6,282	12,923	(23,639)
Cash and cash equivalents at 1 January		22,193	9,270	32,909
Cash and cash equivalents at 31 December	9	<u>28,475</u>	<u>22,193</u>	<u>9,270</u>

Significant non-cash transactions

During the year ended 31 December 2022, loans were repaid and interests were paid by intermediate holding companies on behalf of the Group amounting to GBP 10,901,000 (2021: GBP 10,861,000 and 2020: GBP 9,478,000). (Note 12)

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Notes to the financial statements

These notes form an integral part of the combined financial statements.

The combined financial statements were authorised for issue by the Board of Directors on 7 December 2023.

1 Domicile and activities

DTP Infinities Limited (the "Company") is a company incorporated, domiciled and registered in the Cayman Islands. The address of the Company’s registered office is St. George’s International Limited, The Grand Pavilion Commercial Centre, Hisbiscus Way, 802 West Bay Road, PO Box 30691, Grand Cayman, KY1-1203.

The combined financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 20 to the financial statements.

The immediate and ultimate holding companies are DTP Inter Holdings Corporation Pte Ltd (“DTP IH”), and DT Group of Companies Corporation Limited. The immediate holding company is incorporated in Singapore and the ultimate holding company is incorporated in Thailand.

2 Basis of preparation

2.1 Going concern

As at 31 December 2022, the Group has net current liabilities and net liabilities of GBP 257,590,000 and GBP 174,407,000 respectively, which included interest-bearing loans and accrued interest due to the intermediate and immediate holding companies and a related company (collectively “interest-bearing shareholder loans”) amounting to GBP 248,973,000 (Note 14). The related company refers to a company controlled by an intermediate holding company.

Notwithstanding the above, the Directors consider that it is appropriate for the Group to prepare its financial statements on a going concern basis, having considered the matters below, which will enable the Group to continue its operations and to meet its liabilities as and when they fall due, for a period of at least 12 months from the date of approval of these financial statements.

As at 31 December 2022, the Group has interest-bearing loans and accrued interests due to the intermediate holding companies, DTGO Prosperous Limited (“DTGO Prosperous”) and Magnolia Quality Development Corporation Limited (“MQDC”) of GBP 86,684,000 and GBP 17,553,000 respectively, immediate holding company, DTP IH of GBP 4,383,000, and a related company, Dees Supreme Limited (“DSL”) of GBP 140,353,000. These loans have final maturity dates in August and December 2024 but are contractually repayable on demand. Accordingly, these loans have been presented within current liabilities in the combined statement of financial position as at 31 December 2022.

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In preparing the financial statements on a going concern basis, the Directors have considered the following:

- (i) On 1 May and 10 May 2023, the Company entered into assignment of intercompany loan agreements with a related company, an intermediate holding company and an immediate holding company, wherein the related company and intermediate holding company assigned outstanding loans and interest of GBP 111,521,000 in aggregate due from the Company to the immediate holding company.
- (ii) On 12 June 2023, the Company entered into a loan conversion agreement with the immediate holding company, DTP IH to convert an outstanding loan of US\$148,099,000 (equivalent to approximately GBP 117,727,000) into 148,099,000 ordinary shares of US\$1 each.
- (iii) On 20 June 2023, the Company issued 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company, DTP IH for cash consideration of US\$55,473,000 (equivalent to approximately GBP 43,457,000). Proceeds from the share issuance was remitted to a related company, DSL, as partial settlement of the loan outstanding.
- (iv) On 24 August 2023, DSL extended the final maturity date for a loan and accrued interest of GBP 96,217,000 from 11 August 2024 to 31 December 2024, and undertook not to call for repayment of the outstanding loan including accrued interests due and payable until 31 December 2024 (or such other date to be mutually agreed between DSL and the Company). On 1 September 2023, the loan and accrued interest was assigned by DSL to DTP IH. On 4 December 2023, DTP IH extended the final maturity date for the outstanding loan and accrued interest from 31 December 2024 to 30 June 2025, and undertook not to call for repayment of the outstanding loan including accrued interest due and payable until 30 June 2025 (or such other date to be mutually agreed between DTP IH and the Company).
- (v) On 1 September 2023, the Company entered into a loan conversion agreement with DSL to convert a loan outstanding of US\$75,639,000 (equivalent to approximately GBP 60,000,000) into 75,639,000 ordinary shares of US\$1 each.
- (vi) On 21 November 2023, the intermediate holding company and the related company undertook to defer the settlement of trade amounts due from the Group amounting to GBP 8,065,000 and GBP 3,329,000 respectively, until 30 June 2025.
- (vii) On 21 November 2023, the immediate holding company, DTP IH extended a loan facility amounting to GBP 15,000,000, of which GBP 12,000,000 has been drawn down on 1 December 2023. The unsecured loan bears interest of 8.1% per annum and is not due and payable until 30 June 2025.
- (viii) The cashflow forecasts prepared for the period up to 12 months from the date of approval of these financial statements.
- (ix) The Group’s ability to obtain refinancing for the secured bank loan due in December 2024 based on the discussions with lenders at the date of issuance of these financial statements.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

These financial statements are presented in Sterling Pound (“GBP”), which is the Company’s functional currency. All financial information presented in Sterling Pound have been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – determination of fair value of freehold and leasehold land and buildings
- Note 5 – impairment test of goodwill
- Note 13 – estimation of deferred tax liabilities

Measurement of fair value

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Significant fair value measurements, including Level 3 fair values, will be reported directly to the Group’s Chief Executive Officer (“CEO”).

The valuation of significant assets and their financial impact are discussed by the Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 4 - property, plant and equipment and Note 25 – financial instruments.

2.6 Changes in accounting policies

The Group has applied the following amendments to IFRSs for the first time for the annual period beginning on 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8: *Definition of Material*
- Amendments to IFRS 3: *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform*
- Amendment to IFRS 16: *COVID-19-Related Rent Concessions*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform – Phase 2*
- Amendment to IFRS 16: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendment to IAS 16: *Property, Plant and Equipment – Proceeds before Intended Use*

The Group has applied the following amendments to IFRSs for the first time for the annual period beginning on 1 January 2021:

- Amendments to IFRS 3: *Reference to the Conceptual Framework*
- Annual Improvements to IFRSs 2018-2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Group to the years presented in these financial statements.

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3.1 Foreign currency

(i) *Foreign currency translations*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Sterling Pound at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sterling Pound at exchange rates at the dates of the transactions.

3.2 Basis of consolidation

(i) **Business combinations**

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 3.2 (ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
 - the recognised amount of any non-controlling interests (“NCI”) in the acquiree; plus
 - if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,
- over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

3.3 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment comprise hotel assets and other hospitality assets. All items of property, plant and equipment are initially recorded at cost. The cost includes expenditure that is directly attributable to the acquisition of the asset, the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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Subsequent to recognition, freehold and leasehold land and buildings are measured at their revalued amount (based on fair value) less accumulated depreciation and accumulated impairment losses while other plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on the revaluation is recognised in other comprehensive income (“OCI”), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in profit or loss, in which case the credit to that extent is recognised in profit or loss. Any deficit on revaluation is recognised in profit or loss except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. The revaluation surplus in respect of an item of property, plant and equipment in the revaluation reserve is transferred to retained earnings upon disposal.

(ii) Depreciation

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Depreciation on property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

The estimated useful lives for the current and comparative years are as follows:

- | | |
|------------------------------------|-----------------|
| • Leasehold land | 79 to 121 years |
| • Buildings | 35 to 60 years |
| • Fixtures, fittings and equipment | 3 to 15 years |

Freehold land is stated at cost and is not depreciated.

The assets’ residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) **Classification and subsequent measurement**

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire; or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group’s cash management are included in cash and cash equivalents.

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(vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5 Goodwill

For business combinations, the Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill is tested annually for impairment as described in Note 3.8.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or 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.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate. Generally, the Group uses the lessee’s incremental borrowing rate as the discount rate.

The Group determines the lessee’s incremental borrowing rate by obtaining interest rate from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of 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.

The Group presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

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The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (“CGU”) exceeds its estimated recoverable amount.

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group’s corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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3.10 Revenue

Revenue represents sales (excluding VAT) of goods and services provided in the normal course of business and is recognised when services have been rendered.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, leisure centre sales and membership. Revenue is recognised when rooms are occupied and food and beverages are sold. Leisure centre membership revenue is recognised over the life of the membership.

3.11 Finance income and finance costs

The Group’s finance income and finance costs include:

- interest income;
- interest expense;
- net gain or loss on financial assets at FVTPL; and
- foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The ‘effective interest’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group’s CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company’s headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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3.15 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these financial statements.

- a) The application of the amendments to standards below did not have a material effect on the financial statements.
- *IFRS 17 Insurance Contracts* and Amendments to *IFRS 17 Insurance Contracts*
 - *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2)
 - *Definition of Accounting Estimates* (Amendments to IAS 8)
 - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12)
- b) The Group is in the process of assessing the impact of the new IFRSs, interpretations and amendments to IFRSs below on its financial statements.
- *International Tax Reform – Pillar Two Model Rules* (Amendments to IAS 12)
 - *Non-current Liabilities with Covenants* (Amendments to IAS 1) and *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
 - *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16)
 - *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)
 - *Lack of Exchangeability* (Amendments to IAS 21)
 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28)

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4 Property, plant and equipment

Group	Note	At valuation			At cost			Total GBP'000
		Freehold land GBP'000	Leasehold land GBP'000	Buildings GBP'000	Leasehold land and buildings (right-of-use assets) GBP'000	Fixtures, fittings and equipment GBP'000		
At valuation/cost								
At 1 January 2020		43,161	76,476	273,755	5,674	42,378	441,444	
Additions		–	–	–	–	3,336	3,336	
Revaluation surplus recognised in changes in equity		316	–	3,878	–	–	4,194	
Elimination of depreciation on revaluation		–	–	(2,893)	–	–	(2,893)	
At 31 December 2020		43,477	76,476	274,740	5,674	45,714	446,081	
Additions		–	–	–	–	3,175	3,175	
Revaluation surplus recognised in changes in equity		346	–	4,535	–	–	4,881	
Elimination of accumulated depreciation on revaluation		–	–	(2,545)	–	–	(2,545)	
At 31 December 2021		43,823	76,476	276,730	5,674	48,889	451,592	
Additions		–	–	–	–	19,744	19,744	
Reversal of revaluation surplus recognised in changes in equity		(452)	–	(3,747)	–	–	(4,199)	
Elimination of accumulated depreciation on revaluation		–	–	(2,907)	–	–	(2,907)	
At 31 December 2022		43,371	76,476	270,076	5,674	68,633	464,230	
Accumulated depreciation and impairment								
At 1 January 2020		–	–	175	–	798	973	
Charge for the year		–	–	2,893	56	11,825	14,774	
Elimination of depreciation on revaluation		–	–	(2,893)	–	–	(2,893)	
Impairment losses on land and buildings		8,173	15,246	51,044	–	–	74,463	
At 31 December 2020		8,173	15,246	51,219	56	12,623	87,317	
Charge for the year		–	–	2,545	58	10,695	13,298	
Elimination of accumulated depreciation on revaluation		–	–	(2,545)	–	–	(2,545)	
Reversal of impairment losses on land and buildings (net)		(4,476)	(6,844)	(27,420)	–	–	(38,740)	
At 31 December 2021		3,697	8,402	23,799	114	23,318	59,330	
Charge for the year		–	–	2,907	57	9,712	12,676	
Elimination of accumulated depreciation on revaluation		–	–	(2,907)	–	–	(2,907)	
Impairment losses on land and buildings (net)		616	10,197	20,593	–	–	31,406	
At 31 December 2022		4,313	18,599	44,392	171	33,030	100,505	
Carrying amounts								
At 31 December 2020		35,304	61,230	223,521	5,618	33,091	358,764	
At 31 December 2021		40,126	68,074	252,931	5,560	25,571	392,262	
At 31 December 2022		39,058	57,877	225,684	5,503	35,603	363,725	

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Property, plant and equipment at cost includes the Group’s right-of-use assets with a carrying amount of GBP 5,605,000 (2021: GBP 5,636,000) (2020: GBP 5,666,000) mainly related to lease of land and buildings of GBP 5,503,000 (2021: GBP 5,560,000) (2020: GBP 5,618,000) and IT equipment of GBP 102,000 (2021: GBP 76,000) (2020: GBP 48,000) (see Note 21).

Freehold and leasehold land and buildings at valuation date relate to the Group’s hotel properties with a carrying amount of GBP 322,619,000 (2021: GBP 361,131,000) (2020: GBP 320,055,000) as at 31 December 2022.

Security

At 31 December 2022, freehold and leasehold land and buildings of the Group with a total carrying amount of GBP 322,619,000 (2021: GBP 361,131,000) (2020: GBP 320,055,000) were pledged as securities for secured loans (see Note 12).

Revaluation of freehold and leasehold land and buildings

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	2022 GBP’000	Group 2021 GBP’000	2020 GBP’000
Freehold land			
Carrying amount	38,847	39,463	34,988
Leasehold land			
Carrying amount	57,877	68,074	61,230
Buildings			
Carrying amount	221,015	244,517	219,643

The recoverable amount of the Group’s freehold and lease hold land and buildings are determined on a property-by-property basis (cash-generating unit) based on fair value less cost of disposal. As at 31 December 2022, freehold and leasehold land and buildings are revalued to their fair values. The revaluation loss of GBP 4,199,000 (2021: revaluation gain of GBP 4,881,000; 2020: revaluation gain of GBP 4,194,000) was recognised in the other comprehensive income while impairment losses of GBP 31,406,000 (2021: reversal of impairment losses of GBP 38,740,000; 2020: impairment losses of GBP 74,463,000) for the year ended 31 December 2022 were recognised in profit or loss. The fair value of the freehold and leasehold land and buildings are determined by external property valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued.

Measurement of fair value

Fair value hierarchy

The fair value measurement for freehold and leasehold land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

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Valuation technique and significant unobservable inputs

The carrying value of the Group’s freehold and leasehold land and buildings at 31 December 2022, 31 December 2021 and 31 December 2020 reflects the results of a valuation exercise carried out by independent external valuer, Jones Lang LaSalle Ltd (“JLL”), whom the directors regard as having a recognised professional qualification and recent experience in the location and type of property being valued. The external valuation was performed in accordance with the Royal Institute of Chartered Surveyors (“RICS”) valuation standards. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuation technique adopted is the discounted cash flow method. Under this method, the present value of cash flows expected to be generated by the properties over a 10-year period is calculated, taking into account projected net operating income and capital expenditure over that period, together with an assumed terminal value and associated disposal costs at the end of the period. The expected cash flows are discounted using a risk adjusted discount rate, reflective of the property, its quality and location.

For the financial year ended 31 December 2022

The impairment losses recognised for the year mainly arose from the less optimistic trading performances of certain hotel properties having considered the Omicron variant and the uncertainty that other variants may affect the general travel and hospitality sector outlook at the valuation date.

For the financial year ended 31 December 2021

The impairment losses reversed for the year mainly arose from the improved trading performances of certain hotel properties, following the progressive recovery of the hospitality sector in the countries in which these hotels are located.

For the financial year ended 31 December 2020

As a result of COVID-19, similar to other real estate markets, the market for hotel assets experienced significantly lower levels of transactional activity during the prior period and the valuations at 31 December 2020 were reported as subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution were attached to the valuations than would normally be the case.

The external property valuers considered available information as at 31 December 2020 relating to COVID-19 and have made necessary adjustments to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external property valuers recommended to keep the valuation of these properties under frequent review.

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The 31 December 2020 valuation contained a ‘material valuation uncertainty’ clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there was an increased risk that the price realised in an actual transaction would differ from the value conclusion.

The valuation of the Group’s freehold and leasehold land and buildings portfolio was discussed with the Board of Directors in accordance with the Group’s reporting policies.

Significant unobservable inputs

The following table shows the significant unobservable inputs used in the valuation models:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flow method</i>	<ul style="list-style-type: none"> • Discount rate: 2022: 9.50% - 11.50% 2021: 9.25% – 11.25% 2020: 9.40% – 11.65% • Terminal capitalisation rate: 2022: 7.00% - 9.00% 2021: 7.00% – 9.00% 2020: 7.00% – 9.25% 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • the discount rate were lower (higher); or • the terminal capitalisation rate were lower (higher).

5 Goodwill

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Goodwill arising from business combination	5,658	5,658	5,658
Less: Impairment loss	(5,658)	(5,658)	(5,658)
	–	–	–

On 9 December 2019, the Group acquired the issued share capital of Bryant Park Hospitality Ltd (subsequently renamed as DTP Hospitality Ltd) and its subsidiary (the “Combination”) and recognised goodwill of GBP 5,658,000. For the purpose of impairment testing, goodwill of GBP 5,658,000 has been allocated to the hotel operation (CGU).

Impairment testing of CGU containing goodwill for the financial year ended 31 December 2020

On 31 December 2020, the recoverable amount of CGU (inclusive of goodwill allocated) was determined based on the fair value less costs to sell approach, which took into consideration the fair values of the underlying assets and liabilities of the CGU. Based on the Group’s assessment, the carrying amount of the CGU was determined to be higher than its recoverable amount, and an impairment loss of GBP 5,658,000 was recognised.

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using the discounted cashflow method. The fair value measurement has been categorised as a level 3 fair value based on inputs to the valuation technique used.

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The key assumptions used in estimating the recoverable amount were as follows:

	2020 %
Discount rate	9.40% – 11.65%
Terminal capitalisation rate	<u>7.00% – 9.25%</u>

The cash flow projections included specific estimates for ten years and a terminal capitalisation rate thereafter. The terminal capitalisation rate was determined based on management’s estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

6 Derivative financial assets

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Non-current			
Interest rate caps – FVTPL	<u>12,840</u>	<u>1,742</u>	<u>211</u>

The Group entered into interest rate caps to mitigate interest exposure on loans and borrowings. As at 31 December 2020, the interest rate caps had an effective interest rate of 1.5% per annum and a maturity date of 20 December 2021. The notional amount of interest rate caps was GBP 340,000,000.

As at 31 December 2021 and 31 December 2022, the interest rate caps had an effective interest rate of 2.25% per annum and a maturity date of 18 December 2024. The notional amount of interest rate caps as at 31 December 2021 and 31 December 2022 were GBP 329,341,000 and GBP 310,941,000 respectively.

The fair value of interest rate caps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

7 Inventories

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Consumables	<u>924</u>	<u>766</u>	<u>715</u>

Inventory written off during the year ended 31 December 2022 of GBP 154,000 (2021: GBP 242,000 and 2020: GBP 460,000) was included in ‘cost of sales’.

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8 Trade and other receivables

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Current			
Trade receivables	3,264	3,148	828
Less: expected credit losses	(235)	(399)	(424)
	<u>3,029</u>	<u>2,749</u>	<u>404</u>
Other receivables	1,315	526	168
Amount due from immediate holding company	–	–	1,120
	<u>4,344</u>	<u>3,275</u>	<u>1,692</u>
Prepayments	2,469	856	1,121
	<u>6,813</u>	<u>4,131</u>	<u>2,813</u>

The average credit period on hotel related revenue is 30 to 60 days.

In 2020, the amount due from immediate holding company related to prepayment of expenses which was non-trade in nature, interest-free and was repayable on demand.

9 Cash and cash equivalents

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Cash at bank	<u>28,475</u>	<u>22,193</u>	<u>9,270</u>

10 Share capital

	2022 Number of shares	2021 Number of shares	2020 Number of shares
Fully paid ordinary shares, with no par value:			
At 1 January/31 December	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Ordinary share capital

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company’s residual assets.

Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern so that it can continue to provide returns for the shareholder. Capital consists of share capital and accumulated losses.

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The Group’s capital structure is regularly reviewed and managed with due regard to the capital management practices of the group. For this purpose, the Group defines “capital” as including all components of equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

The Group is not subject to externally imposed capital requirements.

11 Revaluation reserve

The revaluation reserve represents increases in the fair value of land and buildings included in property, plant and equipment, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

12 Loans and borrowings

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Non-current liabilities			
Secured bank loans	300,741	307,541	–
Lease liabilities	5,705	5,701	5,716
	<u>306,446</u>	<u>313,242</u>	<u>5,716</u>
Current liabilities			
Secured bank loans	6,800	21,800	333,554
Lease liabilities	49	37	31
	<u>6,849</u>	<u>21,837</u>	<u>333,585</u>
Total loans and borrowings	<u>313,295</u>	<u>335,079</u>	<u>339,301</u>

Market and liquidity risks

Information about the Group’s exposures to interest rate and liquidity risks is included in Note 25.

Security, terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Maturity date	Face value GBP’000	Carrying amount GBP’000
2022					
Secured floating rate loan (senior)	GBP	SONIA +2.78%	December 2024	247,848	247,848
Secured floating rate loan (mezzanine)	GBP	SONIA +6.50%	December 2024	59,693	59,693
Lease liabilities	GBP	7.12 – 8.38%	January 2023- March 2140	43,558	5,754
				<u>351,099</u>	<u>313,295</u>

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	Currency	Nominal interest rate %	Maturity date	Face value GBP’000	Carrying amount GBP’000
2021					
Secured floating rate loan (senior)	GBP	SONIA +2.78%	December 2024	265,395	265,395
Secured floating rate loan (mezzanine)	GBP	SONIA +6.50%	December 2024	63,946	63,946
Lease liabilities	GBP	7.12 – 8.38%	April 2022- March 2140	43,949	5,738
				<u>373,290</u>	<u>335,079</u>
2020					
Secured floating rate loan (senior)	GBP	SONIA +2.78%	December 2021	268,800	268,800
Secured floating rate loan (mezzanine)	GBP	SONIA +6.50%	December 2021	64,754	64,754
Lease liabilities	GBP	7.12 – 8.38%	April 2022- March 2140	44,375	5,747
				<u>377,929</u>	<u>339,301</u>

The lender for both secured loans has been given security over the Group’s freehold and leasehold land and buildings with carrying amount of GBP 322,619,000 (2021: GBP 361,131,000) (2020: GBP 320,055,000) related to the Group’s hotel operations.

Following the outbreak of COVID-19 in early 2020 and the significant interruption to business which ensued, amended facility terms were agreed with the Group’s lenders including the waiver of covenant testing until end of 2021. On 10 December 2021, the Group executed a 3-year extension of its two secured bank loans until 20 December 2024.

Both loans are repayable in quarterly instalments, with interest accruing at a variable rate of SONIA + 2.78% for senior and mezzanine at a variable rate of SONIA + 6.50%.

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Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Secured bank loans GBP'000	Lease liabilities GBP'000	Loan from immediate holding company (Note 14) GBP'000	Loans from intermediate holding companies (Note 14) GBP'000	Loan from a related company (Note 14) GBP'000	Interest payable to immediate and intermediate holding companies and a related company (Note 14) GBP'000	Total GBP'000
Balance at 1 January 2022		329,341	5,738	4,383	44,229	135,293	10,257	529,241
Changes from financing cash flows								
- Proceeds from interest-bearing loans		-	-	-	49,561	-	-	49,561
- Repayment of interest-bearing loans		(21,800)	-	-	-	-	-	(21,800)
- Interest paid		(15,483)	-	-	-	-	-	(15,483)
- Payment of lease liabilities		-	(414)	-	-	-	-	(414)
Total changes from financing cash flows		(37,283)	(414)	-	49,561	-	-	11,864
Other changes								
- Interest paid on behalf of intermediate holding companies		-	-	-	-	-	(10,901)	(10,901)
- Interest expense	17	15,483	430	-	-	-	16,151	32,064
Total other changes		15,483	430	-	-	-	5,250	21,163
Balance at 31 December 2022		307,541	5,754	4,383	93,790	135,293	15,507	562,268

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	Secured bank loans GBP'000	Lease liabilities GBP'000	Loan from immediate holding company (Note 14) GBP'000	Loans from intermediate holding companies (Note 14) GBP'000	Loan from a related company (Note 14) GBP'000	Interest payable to immediate and intermediate holding companies and a related company (Note 14) GBP'000	Total GBP'000
Balance at 1 January 2021	333,554	5,747	–	22,572	139,677	4,059	505,609
Changes from financing cash flows							
- Proceeds from interest-bearing loans	–	–	4,383	20,496	–	–	24,879
- Repayment of interest-bearing loans	(6,800)	–	–	–	–	–	(6,800)
- Interest paid	(12,147)	–	–	–	–	–	(12,147)
- Payment of lease liabilities	–	(438)	–	–	–	–	(438)
Total changes from financing cash flows	(18,947)	(438)	4,383	20,496	–	–	5,494
Other changes							
- Repayment of interest-bearing loans paid on behalf by intermediate holding companies	–	–	–	(1,000)	(4,384)	–	(5,384)
- Interest paid on behalf by intermediate holding companies	–	–	–	–	–	(5,477)	(5,477)
- Conversion of interest payable to loan principal upon loan assignment	–	–	–	2,161	–	(2,161)	–
- Interest expense	17	429	–	–	–	13,836	26,412
- Amortisation of debt-related transaction costs	17	2,587	–	–	–	–	2,587
Total other changes	14,734	429	–	1,161	(4,384)	6,198	18,138
Balance at 31 December 2021	329,341	5,738	4,383	44,229	135,293	10,257	529,241

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	Secured bank loans GBP'000	Lease liabilities GBP'000	Loan from immediate holding company (Note 14) GBP'000	Loans from intermediate holding companies (Note 14) GBP'000	Loan from a related company (Note 14) GBP'000	Interest payable to immediate and intermediate holding companies and a related company (Note 14) GBP'000	Total GBP'000
Balance at 1 January 2020	336,018	5,780	–	–	139,677	1,686	483,161
Changes from financing cash flows							
- Proceeds from interest-bearing loans	–	–	–	23,666	–	–	23,666
- Repayment of interest-bearing loans	(3,859)	–	–	–	–	–	(3,859)
- Interest paid	(13,110)	–	–	–	–	–	(13,110)
- Payment of lease liabilities	–	(465)	–	–	–	–	(465)
Total changes from financing cash flows	(16,969)	(465)	–	23,666	–	–	6,232
Other changes							
- Repayment of interest-bearing loans paid on behalf by intermediate holding companies	–	–	–	(1,094)	–	–	(1,094)
- Interest paid on behalf by intermediate holding companies	–	–	–	–	–	(8,384)	(8,384)
- Interest expense	17	432	–	–	–	10,757	24,299
- Amortisation of debt-related transaction costs	17	–	–	–	–	–	1,395
Total other changes	14,505	432	–	(1,094)	–	2,373	16,216
Balance at 31 December 2020	333,554	5,747	–	22,572	139,677	4,059	505,609

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13 Deferred tax assets/(liabilities)

Movements in deferred tax assets/(liabilities) are as follows:

	At 1 January 2022 GBP’000	Recognised in profit or loss (Note 18) GBP’000	Recognised in OCI GBP’000	At 31 December 2022 GBP’000
<u>Deferred tax assets</u>				
Tax losses	–	4,582	–	4,582
Fixtures, fittings and equipment	(158)	12,109	–	11,951
	<u>(158)</u>	<u>16,691</u>	<u>–</u>	<u>16,533</u>
<u>Deferred tax liabilities</u>				
Land and buildings	(3,117)	–	(352)	(3,469)

	At 1 January 2021 GBP’000	Recognised in profit or loss (Note 18) GBP’000	Recognised in OCI GBP’000	At 31 December 2021 GBP’000
<u>Deferred tax liabilities</u>				
Land and buildings	(2,004)	(480)	(633)	(3,117)
Fixtures, fittings and equipment	(137)	(21)	–	(158)
	<u>(2,141)</u>	<u>(501)</u>	<u>(633)</u>	<u>(3,275)</u>

	At 1 January 2020 GBP’000	Recognised in profit or loss (Note 18) GBP’000	Recognised in OCI GBP’000	At 31 December 2020 GBP’000
<u>Deferred tax liabilities</u>				
Land and buildings	(3,368)	1,846	(482)	(2,004)
Fixtures, fittings and equipment	(118)	(19)	–	(137)
	<u>(3,486)</u>	<u>1,827</u>	<u>(482)</u>	<u>(2,141)</u>

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has not recognised deferred tax assets in respect of the following:

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	2022 GBP’000	2021 GBP’000	2020 GBP’000
Unutilised capital allowances	–	54,797	62,411
Unutilised tax losses and other temporary differences	56,604	68,738	65,294
	<u>56,604</u>	<u>123,535</u>	<u>127,705</u>

The unutilised tax losses and unutilised capital allowances carried forward are available for set off against future taxable income subject to the compliance with the provisions of the various tax jurisdictions to which these apply.

The unutilised tax losses and unutilised capital allowances do not expire under current tax legislations. Deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the benefits there from. Tax losses and capital allowances are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Utilisation of unrecognised tax losses and capital allowance will be subject to certain restrictions with effect from 31 March 2026.

Factors that may affect future tax charges

Following Finance Act 2021, an increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly. Deferred tax at 31 December 2022 has been calculated based on 25% (31 December 2021: 25%, 31 December 2020: 19%), reflecting the expected timing of reversal of the related temporary differences.

14 Trade and other payables

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Trade amounts due to			
- third parties	6,951	4,494	2,183
- intermediate holding companies	6,940	3,188	117
- a related company	4,614	3,798	546
Deferred income	4,451	3,934	5,989
Loans from:			
- immediate holding company	4,383	4,383	–
- intermediate holding companies	93,790	44,229	22,572
- a related company	135,293	135,293	139,677
Interest payable to:			
- intermediate holding companies	10,447	3,475	1,307
- a related company	5,060	6,782	2,752
Accrued operating expenses	10,945	10,231	2,719
Tax and social security	3,503	3,364	2,332
Other payables	576	630	515
	<u>286,953</u>	<u>223,801</u>	<u>180,709</u>

Loan from immediate holding company bears interest at 7.25% (2021: 7.25% and 2020: Nil) per annum and is repayable on demand.

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Loans from intermediate holding companies are unsecured, bear fixed interest of 6.95% to 12.60% (2021: 6.95% to 12.60%, 2020: 6.95% to 13.25%) per annum and are repayable on demand.

Loan from a related company is unsecured, bears fixed interest of 7.35% (2021: 7.35%, 2020: 7.35%) per annum and is repayable on demand. The related company refers to a company controlled by the ultimate holding company.

15 Revenue

Disaggregated revenue is reported in the same way as it is reviewed and analysed internally by management.

	2022	2021	2020
	GBP’000	GBP’000	GBP’000
Accommodation	86,973	61,315	29,427
Food and beverage	35,559	23,267	11,724
Leisure	2,692	1,391	1,019
Others	3,575	2,176	2,047
	<u>128,799</u>	<u>88,149</u>	<u>44,217</u>

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primarily geographic markets and timing of revenue recognition.

	2022	2021	2020
	GBP’000	GBP’000	GBP’000
Primary geographic markets			
England	112,546	76,215	39,093
Scotland	16,253	11,934	5,124
	<u>128,799</u>	<u>88,149</u>	<u>44,217</u>
Timing of revenue recognition			
Services transferred at a point in time	32,935	20,886	11,549
Services transferred over time	95,864	67,263	32,668
	<u>128,799</u>	<u>88,149</u>	<u>44,217</u>

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16 (Loss)/Profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Note	2022 GBP’000	2021 GBP’000	2020 GBP’000
Depreciation expense	4	(12,676)	(13,298)	(14,774)
Impairment losses (recognised)/reversed on land and buildings	4	(31,406)	38,740	(74,463)
Inventory written off		(154)	(242)	(460)
Impairment loss on goodwill	5	–	–	(5,658)
Reversal of ECL on trade receivables		164	25	–
Insurance income		693	934	–
Employee benefits expense (see below)		(42,365)	(27,658)	(20,376)
Employee benefits expense				
Salaries, bonuses, and other costs		(41,770)	(27,166)	(19,792)
Defined contribution plans		(595)	(492)	(584)
		<u>(42,365)</u>	<u>(27,658)</u>	<u>(20,376)</u>

All staff related costs are recognised in cost of sales in the statement of comprehensive income.

17 Finance income and costs

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Finance income			
Interest income	250	–	–
Net gain on derivative financial assets at FVTPL	11,270	–	–
	<u>11,520</u>	<u>–</u>	<u>–</u>
Finance costs			
Interest expense related to:			
- Loans and borrowings	(15,483)	(12,147)	(13,110)
- Amortisation of debt-related transaction costs	–	(2,587)	(1,395)
- Lease liabilities	(430)	(429)	(432)
- Loan from a related company	(9,180)	(9,507)	(9,450)
- Loans from intermediate holding companies	(6,971)	(4,329)	(1,307)
Others	(109)	(585)	189
	<u>(32,173)</u>	<u>(29,584)</u>	<u>(25,505)</u>

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18 Tax expense

The taxation on the Group’s (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of 19% for the year (2021:19%, 2020: 19%), being the tax rate of the major subsidiaries of the Group before enjoying preferential tax treatments, as follows:

	2022	2021	2020
	GBP’000	GBP’000	GBP’000
Deferred tax (credit)/expense			
Tax value of loss carried forward	(4,582)	–	–
Origination and reversal of temporary differences	(12,109)	501	(1,827)
	<u>(16,691)</u>	<u>501</u>	<u>(1,827)</u>
 <i>Reconciliation of effective tax rate</i>			
(Loss)/Profit before tax	<u>(45,486)</u>	<u>5,570</u>	<u>(136,631)</u>
Tax using tax rate of 19% (2021: 19% and 2020: 19%)	(8,642)	1,058	(25,960)
Expenses not deductible for tax purposes	10,910	3,390	1,112
Income not subject to tax	(2,226)	–	–
Deductible temporary differences not recognised	–	1,711	23,021
Recognition of deferred tax assets previously not recognised	(12,926)	–	–
Impact of changes in tax rate	(3,807)	(5,658)	–
	<u>(16,691)</u>	<u>501</u>	<u>(1,827)</u>

The Cayman Islands levies no tax on the income of the Company and the Group.

19 Earnings per share

Basic earnings per share

The calculation of basic earnings per share was based on the following:

	2022	2021	2020
	GBP’000	GBP’000	GBP’000
(Loss)/profit for the year, attributable to the shareholders of the Company (basic)	<u>(28,795)</u>	<u>5,069</u>	<u>(134,804)</u>
Weighted average number of ordinary shares in issue (basic)	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Basic earnings per share (GBP)	<u>(28,795)</u>	<u>5,069</u>	<u>(134,804)</u>

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

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20 Subsidiaries

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest		
			2022 %	2021 %	2020 %
DTP Hospitality Ltd	Investment holding	Cayman Islands	100	100	100
DTP Hoole Chester Limited	Investment holding	Cayman Islands	100	100	100
DTP Acquisition 1 Limited	Investment holding	Cayman Islands	100	100	100
DTP Acquisition 2 Limited	Investment holding	Cayman Islands	100	100	100
DTP Acquisition 1 Bristol Limited	Hotelier	Cayman Islands	100	100	100
DTP Acquisition 1 Leeds Limited	Hotelier	Cayman Islands	100	100	100
DTP Acquisition 1 Manchester Limited	Hotelier	Cayman Islands	100	100	100
DTP Acquisition 1 Birmingham Limited	Hotelier	Cayman Islands	100	100	100
DTP Acquisition 1 Glasgow Limited	Hotelier	Cayman Islands	100	100	100
DTP Acquisition 2 Salford Limited	Hotelier	Cayman Islands	100	100	100
DTP Acquisition 2 Mailbox Limited	Dormant	Cayman Islands	100	100	100
Lanos (Salford Quays) Limited	Property holding	Jersey	100	100	100
DTP Property Trustee 1 Limited	Trustee	United Kingdom	100	100	100
DTP Property Trustee 2 Limited	Trustee	United Kingdom	100	100	100
DTP Hospitality UK Limited	Management and procurement services	United Kingdom	100	100	100
DTP Employees and Services Limited	Management and procurement services	United Kingdom	100	100	100

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Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest		
			2022 %	2021 %	2020 %
Chapel Street Services Limited	Management and procurement services	United Kingdom	100	100	100
DTP Employees and Services 2 Limited	Management and procurement services	United Kingdom	100	100	100
DTP Infinities Corporation Limited	Investment holding	United Kingdom	100	100	100
DTP Regional Hospitality Group Limited	Investment holding	United Kingdom	100	100	100
DTP Holdco Limited	Investment holding	United Kingdom	100	100	100
DTP Subholdco Limited	Investment holding	United Kingdom	100	100	100
DTP Finance Number 1 Limited	Investment holding	United Kingdom	100	100	100
Norfolk Capital Group Limited	Investment holding	United Kingdom	100	100	100
Chester International Hotel Limited	Hotelier	United Kingdom	100	100	100
Five Star Inns Limited	Hotelier	United Kingdom	100	100	100
The Harrogate International Hotel Limited	Hotelier	United Kingdom	100	100	100
The Solihull Hotel Company Limited	Hotelier	United Kingdom	100	100	100
Echo Hotel Limited	Hotelier	United Kingdom	100	100	100
Hoole Hall Country Club Limited	Hotelier	United Kingdom	100	100	100
Chapel Street Hotel Limited	Hotelier	United Kingdom	100	100	100
Chapel Street Food and Beverage Limited	Hotelier	United Kingdom	100	100	100
DTP Acquisition 2 Mailbox (UK) Limited	Hotelier	United Kingdom	100	100	100
Norfolk Capital Hotels Limited	Holding company	United Kingdom	100	100	100

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Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest		
			2022 %	2021 %	2020 %
Norfolk Capital Hotels (Southern) Limited	Dormant	United Kingdom	100	100	100
Chester International Hotel 2 Limited	Dormant	United Kingdom	100	100	100
Rowntrees (Market Street) Manchester Limited	Dormant	United Kingdom	100	100	100
Fraserfort Limited	Dormant	United Kingdom	100	100	100

All significant subsidiaries are audited by other member firms of KPMG International.

21 Leases

Leases as lessee

The Group leases leasehold land and buildings and IT equipment. The leases typically run for a period of 3 years for IT equipment and 80 to 122 years for leasehold land and buildings.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased assets are presented as property, plant and equipment (see Note 4).

	Leasehold and land buildings GBP'000	IT equipment GBP'000	Total GBP'000
2022			
Balance at 1 January	5,560	76	5,636
Additions to right-of-use assets	–	70	70
Depreciation charge for the year	(57)	(44)	(101)
Balance at 31 December	<u>5,503</u>	<u>102</u>	<u>5,605</u>
2021			
Balance at 1 January	5,618	48	5,666
Additions to right-of-use assets	–	60	60
Depreciation charge for the year	(58)	(32)	(90)
Balance at 31 December	<u>5,560</u>	<u>76</u>	<u>5,636</u>

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	Leasehold land and buildings GBP’000	IT equipment GBP’000	Total GBP’000
2020			
Balance at 1 January	5,674	66	5,740
Additions to right-of-use assets	–	14	14
Depreciation charge for the year	(56)	(32)	(88)
Balance at 31 December	<u>5,618</u>	<u>48</u>	<u>5,666</u>

Amounts recognised in profit or loss

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Interest on lease liabilities	<u>430</u>	<u>429</u>	<u>432</u>

Amounts recognised in statement of cash flows

	2022 GBP’000	2021 GBP’000	2020 GBP’000
Total cash outflow for leases	<u>414</u>	<u>438</u>	<u>465</u>

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Operating segments

The Group has two reportable geographical segments, representing its operations in England and Scotland, which are managed separately due to the different geographical locations. The Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments.

Segment assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as the management believe that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the same industry.

	England Hotels			Scotland Hotels			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
External revenue	112,546	76,215	39,093	16,253	11,934	5,124	128,799	88,149	44,217
Depreciation of property, plant and equipment	(11,213)	(11,919)	(13,153)	(1,463)	(1,379)	(1,621)	(12,676)	(13,298)	(14,774)
Finance income	11,520	–	–	–	–	–	11,520	–	–
Finance costs	(30,069)	(27,472)	(23,494)	(2,104)	(2,112)	(2,011)	(32,173)	(29,584)	(25,505)
Reportable segment (loss)/profit before tax	(42,871)	(1,861)	(116,164)	(2,615)	7,431	(20,467)	(45,486)	5,570	(136,631)
Other material items of income and expenses and non-cash items:									
Impairment losses (recognised)/reversed on land and buildings	(30,073)	30,842	(59,629)	(1,333)	7,898	(14,834)	(31,406)	38,740	(74,463)
Inventory written off	(135)	(203)	(389)	(19)	(39)	(71)	(154)	(242)	(460)
Reversal of ECL on trade receivables	106	32	–	58	(7)	–	164	25	–
	(30,102)	30,671	(60,018)	(1,294)	7,852	(14,905)	(31,396)	38,523	(74,923)
Assets and liabilities									
Reportable segment non-current assets	316,425	346,162	319,564	47,300	46,100	392,000	363,725	392,262	358,764
Reportable segment assets	351,249	371,410	332,221	48,688	47,942	39,341	399,937	419,352	371,562
Other segmental information									
Capital expenditure on property, plant and equipment	(15,749)	(2,793)	(2,237)	(3,995)	(382)	(255)	(19,744)	(3,175)	(2,492)

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Geographical information

The hotel business are managed primarily in United Kingdom. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers and segment assets are based on the geographical location of the assets.

Information about major customers

There is no single major customer that contributes more than 10% of the Group’s revenue. The revenue is spread over a broad base of customers.

23 Commitments

At 31 December 2022, the Group has committed to specific capital works estimated at GBP 6,030,000 (2021: GBP 20,639,000) (2020: GBP 22,000,000).

24 Related parties

Transactions with key management personnel

Key management personnel compensation

None of the directors earned any directors’ fees or other remuneration in respect of their appointment as directors of the Company during the current year. The directors are not paid directly by the Company but receive remuneration from Company’s holding company, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

Related party transactions

Other than those disclosed elsewhere in the financial statements, there were the following transactions carried out on terms agreed with related parties:

	2022	2021	2020
	GBP’000	GBP’000	GBP’000
Management fees payable to related parties	5,222	3,926	3,081
Other expenses payable to a related company	191	2,916	3,511
Expense recharges to a related company	3,633	326	309
	<hr/>	<hr/>	<hr/>

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25 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. Management is responsible for developing and monitoring the Group’s risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers, amount due from immediate holding, cash and cash equivalents and debt.

The carrying amounts of financial assets represent the Group’s maximum exposure to credit risk, before taking into account any collateral held. The Group does not require any collateral in respect of its financial assets.

ECL on financial assets recognised in profit or loss were as follows:

	2022	2021	2020
	GBP’000	GBP’000	GBP’000
ECL on trade and other receivables	164	25	–

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Trade and other receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group’s customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. Sale limits are established for each customer, which represents the maximum open amount without requiring approval from the Board; these limits are reviewed quarterly. Customers failing to meet the Group’s benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group limits its exposure to credit risk from trade receivables by establishing maximum payment periods of 2 months for individual and corporate customers.

The Group does not require collateral in respect of trade receivables.

Exposure to credit risk

The exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date was as follows:

	Note	2022 GBP’000	2021 GBP’000	2020 GBP’000
Trade and other receivables		4,579	3,674	2,116
Less: Expected credit losses		(235)	(399)	(424)
Net carrying amount	8	4,344	3,275	1,692

ECL assessment as at 31 December 2022, 2021 and 2020

The Group uses an allowance matrix to measure the ECLs of trade and other receivables.

Loss rates are based on the actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the Group’s view of economic conditions over expected lives of receivables.

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The following table provides information about the exposure to credit risk and ECLs for trade and other receivables (excluding prepayment) as at 31 December:

	----- 2022 -----		
	Weighted average loss rate %	Gross carrying amounts GBP’000	Expected credit losses GBP’000
Trade and other receivables*			
- Not past due	0%	3,340	–
- Past due 1 to 30 days	7%	861	62
- Past due 31 to 60 days	37%	240	88
- Past due 61 to 90 days	41%	66	27
- Past due more than 91 days	81%	72	58
		4,579	235

	----- 2021 -----		
	Weighted average loss rate %	Gross carrying amounts GBP’000	Expected credit losses GBP’000
Trade and other receivables*			
- Not past due	0%	2,637	–
- Past due 1 to 30 days	25%	590	148
- Past due 31 to 60 days	46%	279	128
- Past due 61 to 90 days	62%	101	63
- Past due more than 91 days	90%	67	60
		3,674	399

	----- 2020 -----		
	Weighted average loss rate %	Gross carrying amounts GBP’000	Expected credit losses GBP’000
Trade and other receivables*			
- Not past due	0%	1,322	–
- Past due 1 to 30 days	0%	198	–
- Past due 31 to 60 days	56%	133	75
- Past due 61 to 90 days	73%	117	85
- Past due more than 91 days	76%	346	264
		2,116	424

* Excluding prepayments

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Movement in the ECL on trade and other receivables (excluding prepayments) during the year was as follows:

	2022 GBP’000	2021 GBP’000	2020 GBP’000
At 1 January	399	424	424
Movement during the year	(164)	(25)	–
At 31 December	235	399	424

Cash and cash equivalents

The Group held cash and cash equivalents of GBP 28,475,000 (2021: GBP 22,193,000 and 2020: GBP 9,270,000) at 31 December 2022. The cash and cash equivalents are held with bank and financial institution counterparties that are regulated.

The Group assessed the impairment on cash and cash equivalents based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Based on the assessment, the Group considered that the amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s objective when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group relies on continuous financial support from the immediate and intermediate holding companies to meet its obligations as and when they fall due.

The following are the remaining contractual maturities of the Group’s financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Carrying amount GBP’000	Cash flows			
		Contractual cash flow GBP’000	Less than 1 year GBP’000	Between 1 to 5 years GBP’000	More than 5 years GBP’000
31 December 2022					
Loan and borrowings	313,295	394,626	29,275	324,154	41,197
Trade and other payables*	278,999	278,999	278,999	–	–
	592,294	673,625	308,274	324,154	41,197
31 December 2021					
Loan and borrowings	335,079	408,765	34,451	332,671	41,643
Trade and other payables*	216,503	216,503	216,503	–	–
	551,582	625,268	250,954	332,671	41,643

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	Cash flows				
	Carrying amount GBP’000	Contractual cash flow GBP’000	Less than 1 year GBP’000	Between 1 to 5 years GBP’000	More than 5 years GBP’000
31 December 2020					
Loan and borrowings	339,301	392,469	348,572	1,808	42,089
Trade and other payables*	172,388	172,388	172,388	–	–
	<u>511,689</u>	<u>564,857</u>	<u>520,960</u>	<u>1,808</u>	<u>42,089</u>

* Excluding tax, social security and deferred income

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount		
	2022 GBP’000	Group 2021 GBP’000	2020 GBP’000
Fixed rate instruments			
Financial assets	12,840	1,742	211
Financial liabilities	(239,220)	(189,643)	(167,996)
	<u>(226,380)</u>	<u>(187,901)</u>	<u>(167,785)</u>
Variable rate instruments			
Financial liabilities	(307,541)	(329,341)	(333,554)

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Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ‘IBOR reform’).

The Group had exposures to IBORs on its financial instruments that had been reformed as part of these market-wide initiatives. The Group’s main IBOR exposure at 31 December 2020 was indexed to sterling LIBOR. The alternative reference rate for sterling LIBOR is the Sterling Overnight Index Average (SONIA) rate. Amendments to financial instruments with contractual terms indexed to sterling LIBOR such that they incorporate new benchmark rates were completed by 31 December 2021 and there is no remaining IBOR exposure.

As at 31 December 2022, the interest rate caps have floating legs are indexed to SONIA, and governed by contracts based on the International Swaps and Derivatives Association (“ISDA”)’s master agreements.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives (interest rate cap) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points (“bp”) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	100 bp increase GBP’000	100 bp decrease GBP’000	100 bp increase GBP’000	100 bp decrease GBP’000
31 December 2022				
Variable rate instruments	(3,075)	3,075	–	–
Cash flow sensitivity (net)	(3,075)	3,075	–	–
31 December 2021				
Variable rate instruments	(3,293)	3,293	–	–
Cash flow sensitivity (net)	(3,293)	3,293	–	–
31 December 2020				
Variable rate instruments	(3,336)	3,336	–	–
Cash flow sensitivity (net)	(3,336)	3,336	–	–

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Accounting classifications and fair values

The carrying amounts of financial assets and financial liabilities shown in the statement of financial position are as follows. Fair value information for financial assets and financial liabilities not measured at fair value has not been presented if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Fair value through profit or loss GBP'000	Amortised cost GBP'000	Other financial liabilities GBP'000	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
31 December 2022							
Financial assets not measured at fair value							
Trade and other receivables*	–	4,344	–				4,344
Cash and cash equivalents	–	28,475	–				28,475
	–	32,819	–				32,819
Financial assets measured at fair value							
Derivative financial assets	12,840	–	–	–	12,840	–	12,840
Financial liabilities not measured at fair value							
Trade and other payables**	–	–	(278,999)				(278,999)
Loan and borrowings***	–	–	(307,541)				(307,541)
	–	–	(586,540)				(586,540)

* Excluding prepayments

** Excluding tax, social security and deferred income

*** Excluding lease liabilities

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	Carrying amount		Fair value					
	Fair value through profit or loss GBP'000	Amortised cost GBP'000	Other financial liabilities GBP'000	Total GBP'000	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables*	–	3,275	–	3,275				
Cash and cash equivalents	–	22,193	–	22,193				
	–	25,468	–	25,468				
Financial assets measured at fair value								
Derivative financial assets	1,742	–	–	1,742	–	1,742	–	1,742
Financial liabilities not measured at fair value								
Trade and other payables**	–	–	(216,503)	(216,503)				
Loan and borrowings***	–	–	(329,341)	(329,341)				
	–	–	(545,844)	(545,844)				

* Excluding prepayments

** Excluding tax, social security and deferred income

*** Excluding lease liabilities

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	Carrying amount			Fair value				
	Fair value through profit or loss GBP'000	Amortised cost GBP'000	Other financial liabilities GBP'000	Total GBP'000	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
31 December 2020								
Financial assets not measured at fair value								
Trade and other receivables*	-	1,692	-	1,692				
Cash and cash equivalents	-	9,270	-	9,270				
	-	10,962	-	10,962				
Financial assets measured at fair value								
Derivative financial assets	211	-	-	211	-	211	-	211
Financial liabilities not measured at fair value								
Trade and other payables**	-	-	(172,388)	(172,388)				
Loan and borrowings***	-	-	(333,554)	(333,554)				
	-	-	(505,942)	(505,942)				

* Excluding prepayments

** Excluding tax, social security and deferred income

*** Excluding lease liabilities

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Measurement of fair value

Financial assets

The fair value of financial assets measured at fair value is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the measurement date.

26 Subsequent events

Subsequent to the reporting date, there were the following significant events for the Group:

- (i) On 22 March 2023, an intermediate holding company, DTGO Prosperous, extended a loan amounting to GBP 6,434,000 at the interest rate of 8.80% per annum to the Company which was remitted directly to another intermediate holding company, MDQC, as partial settlement of loans outstanding. Both loans have final maturity date on 31 December 2024, but are contractually repayable on demand.
- (ii) On 1 May and 10 May 2023, the Company entered into assignment of intercompany loan agreements with a related company, an intermediate holding company and an immediate holding company, wherein the related company and intermediate holding company assigned outstanding loans and interest of GBP 111,521,000 in aggregate due from the Company to the immediate holding company.
- (iii) On 12 June 2023, the Company entered into a loan conversion agreement with the immediate holding company, DTP IH to convert an outstanding loan of US\$148,099,000 (equivalent to approximately GBP 117,727,000) into 148,099,000 ordinary shares of US\$1 each.
- (iv) On 20 June 2023, the Company issued 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company, DTP IH for cash consideration of US\$55,473,000 (equivalent to approximately GBP 43,457,000). Proceeds from the share issuance was remitted to a related company, DSL, as partial settlement of the loan outstanding.
- (v) On 24 August 2023, DSL extended the final maturity date for a loan and accrued interest of GBP 96,217,000 from 11 August 2024 to 31 December 2024, and undertook not to call for repayment of the outstanding loan including accrued interests due and payable until 31 December 2024 (or such other date to be mutually agreed between DSL and the Company). On 1 September 2023, the loan and accrued interest was assigned by DSL to DTP IH. On 4 December 2023, DTP IH extended the final maturity date for the outstanding loan and accrued interest from 31 December 2024 to 30 June 2025, and undertook not to call for repayment of the outstanding loan including accrued interest due and payable until 30 June 2025 (or such other date to be mutually agreed between DTP IH and the Company).
- (vi) On 1 September 2023, the Company entered into a loan conversion agreement with DSL to convert a loan outstanding of US\$75,639,000 (equivalent to approximately GBP 60,000,000) into 75,639,000 ordinary shares of US\$1 each.
- (vii) On 21 November 2023, the intermediate holding company and the related company undertook to defer the settlement of trade amounts due from the Group amounting to GBP 8,065,000 and GBP 3,329,000 respectively, until 30 June 2025.

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- (viii) On 21 November 2023, the immediate holding company, DTP IH extended a loan facility amounting to GBP 15,000,000, of which GBP 12,000,000 has been drawn down on 1 December 2023. The unsecured loan bears interest of 8.1% per annum and is not due and payable until 30 June 2025.

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS
OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023**

DTP Infinities Limited
Registration Number: 353692

Condensed combined interim financial statements
For the six months ended 30 June 2023

APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023

Independent auditors’ report on review of condensed combined interim financial statements

Board of Directors
DTP Infinities Limited

Introduction

We have reviewed the accompanying condensed combined interim financial statements of DTP Infinities Limited (the “Company”) and its subsidiaries (the “Group”), which comprises:

- the condensed combined interim statement of financial position of the Group as at 30 June 2023;
- the condensed combined interim statement of profit or loss of the Group for the six months ended 30 June 2023;
- the condensed combined statement of other comprehensive income of the Group for the six months ended 30 June 2023;
- the condensed combined statement of changes in equity of the Group for the six months ended 30 June 2023;
- the condensed combined statement of cash flows of the Group for the six months ended 30 June 2023; and
- notes to the unaudited condensed combined interim financial statements (the “Interim Financial Statements”).

Management is responsible for the preparation and fair presentation of these Interim Financial Statements in accordance with IFRS Accounting Standards including the requirements of IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements do not present fairly, in all material respects, the financial position, financial performance, changes in equity and cash flows of the Group in accordance with IFRS including the requirements of IAS 34 *Interim Financial Reporting*.

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Restriction on use

This report is made solely to you as a body and for inclusion in the circular to shareholders to be issued in connection with the proposed acquisition of the entire issued and paid-up share capital of the Company and for no other purpose.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

Tan Kar Yee, Linda
Partner-in-charge

7 December 2023

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS
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**Condensed Combined Interim Statements of Financial Position
As at 30 June 2023**

	Note	30 June 2023 GBP’000	31 December 2022 GBP’000
Assets			
Non-current assets			
Property, plant and equipment	8	417,810	363,725
Derivative financial assets	10	12,840	12,840
Deferred tax assets		16,533	16,533
Total non-current assets		<u>447,183</u>	<u>393,098</u>
Current assets			
Inventories		894	924
Trade and other receivables	11	9,193	6,813
Cash and cash equivalents	12	12,885	28,475
Total current assets		<u>22,972</u>	<u>36,212</u>
Total assets		<u>470,155</u>	<u>429,310</u>
Equity			
Share capital	13	161,185	1
Revaluation reserve	14	16,851	3,409
Accumulated losses		(149,980)	(177,817)
Equity attributable to owner of the Company		<u>28,056</u>	<u>(174,407)</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	15	293,997	306,446
Deferred tax liabilities		3,469	3,469
Total non-current liabilities		<u>297,466</u>	<u>309,915</u>
Current liabilities			
Loans and borrowings	15	6,849	6,849
Trade and other payables	16	137,784	286,953
Total current liabilities		<u>144,633</u>	<u>293,802</u>
Total liabilities		<u>442,099</u>	<u>603,717</u>
Total equity and liabilities		<u>470,155</u>	<u>429,310</u>

The accompanying notes form an integral part of these unaudited condensed combined interim financial statements.

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS
OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**Condensed Combined Interim Statements of Profit or Loss
For the six months ended 30 June 2023**

	Note	For the six months ended 30 June	
		2023 GBP'000	2022 GBP'000
Revenue	17	67,947	57,888
Cost of sales		<u>(30,642)</u>	<u>(27,666)</u>
Gross profit		37,305	30,222
Other income		43,788	225
Administrative expenses		(31,997)	(27,212)
Other expenses		<u>(3,448)</u>	<u>(74)</u>
Results from operating activities		<u>45,648</u>	<u>3,161</u>
Finance income	18	2,880	36
Finance costs	18	<u>(20,691)</u>	<u>(14,178)</u>
Net finance costs		<u>(17,811)</u>	<u>(14,142)</u>
Profit/(loss) before tax	19	27,837	(10,981)
Tax expense	20	-	-
Profit/(loss) for the period		<u>27,837</u>	<u>(10,981)</u>
Profit/(loss) for the period attributable to owner of the Company		<u>27,837</u>	<u>(10,981)</u>
Earnings per share attributable to the ordinary equity holder of the Company during the financial period			
- Basic (GBP)	21	<u>1</u>	<u>(10,981)</u>
- Diluted (GBP)	21	<u>1</u>	<u>(10,981)</u>

The accompanying notes form an integral part of these unaudited condensed combined interim financial statements.

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**Condensed Combined Statements of Other Comprehensive Income
For the six months ended 30 June 2023**

	For the six months ended 30 June	
	2023	2022
	GBP’000	GBP’000
Profit/(loss) for the period	27,837	(10,981)
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment	13,442	–
Other comprehensive income for the period net of tax	<u>13,442</u>	<u>–</u>
Total comprehensive income for the period	<u>41,279</u>	<u>(10,981)</u>

The accompanying notes form an integral part of these unaudited condensed combined interim financial statements.

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Condensed Combined Statements of Changes in Equity
For the six months ended 30 June 2022

	Attributable to owner of the Company				
Note	Share capital GBP’000	Revaluation reserve GBP’000	Accumulated losses GBP’000	Total equity GBP’000	
At 1 January 2022	1	7,960	(149,022)	(141,061)	
Total comprehensive income for the period	–	–	(10,981)	(10,981)	
Loss for the period					
At 30 June 2022	1	7,960	(160,003)	(152,042)	

The accompanying notes form an integral part of these unaudited condensed combined
interim financial statements.

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**Condensed Combined Statements of Changes in Equity
For the six months ended 30 June 2023**

		Attributable to owner of the Company			
	Note	Share capital GBP’000	Revaluation reserve GBP’000	Accumulated losses GBP’000	Total equity GBP’000
At 1 January 2023	1		3,409	(177,817)	(174,407)
Total comprehensive income for the period					
Profit for the period		–	–	27,837	27,837
Other comprehensive income					
Revaluation of property, plant and equipment		–	13,442	–	13,442
Total comprehensive income for the period		–	13,442	27,837	41,279
Transactions with owners, directly recognised in equity					
Issuance of share capital	13	161,184	–	–	161,184
At 30 June 2023		161,185	16,851	(149,980)	28,056

The accompanying notes form an integral part of these unaudited condensed combined interim financial statements.

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**Condensed Combined Statements of Cash Flows
For the six months ended 30 June 2023**

		For the six months ended 30 June	
		2023 GBP’000	2022 GBP’000
Cash flows from operating activities			
		27,837	(10,981)
		Adjustments for:	
		6,361	6,233
	8	(108)	(80)
		(40,055)	–
	8	(2,880)	(36)
	18	20,691	14,178
	18	<u>11,846</u>	<u>9,314</u>
		Changes in working capital:	
		30	7
		(2,272)	(5,908)
		(3,641)	1,305
		<u>5,963</u>	<u>4,718</u>
Cash flows from investing activities			
		(6,949)	(6,035)
		235	–
		2,645	–
		(49)	–
		<u>(4,118)</u>	<u>(6,035)</u>
Cash flows from financing activities			
		6,134	27,882
	15	(12,449)	(18,400)
	15	(11,120)	(6,639)
		<u>(17,435)</u>	<u>2,843</u>
		(15,590)	1,526
		28,475	22,193
	12	<u>12,885</u>	<u>23,719</u>

The accompanying notes form an integral part of these unaudited condensed combined interim financial statements.

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Significant non-cash transactions for the six months ended 30 June 2023

- a) On 1 May 2023, the Company entered into an assignment of intercompany loan agreement with a related company, intermediate holding company and the immediate holding company, wherein the related company and intermediate holding company assigned an outstanding loan and interest payable of GBP 111,521,000 due from the Company to the immediate holding company (Note 15).
- b) On 12 June 2023, the Company entered into a loan conversion agreement with the immediate holding company to convert an outstanding loan of US\$ 148,099,000 (equivalent to approximately GBP 117,727,000) into 148,099,000 ordinary shares of US\$1 each (Note 15).
- c) On 20 June 2023, the Company issued 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company for cash consideration of US\$55,473,000 (equivalent to approximately GBP 43,457,000). Proceeds from the share issuance of GBP 43,457,000 was remitted in full by the immediate holding company during the financial period to a related company as partial settlement of the loan and interest payable owing by the Company (Note 15).
- d) During the period ended 30 June 2023, loans were repaid and interests were paid by intermediate holding companies on behalf of the Group amounting to GBP 7,228,000 (30 June 2022: GBP 4,819,000). (Note 15)

The accompanying notes form an integral part of these unaudited condensed combined interim financial statements.

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Notes to the unaudited condensed combined interim financial statements

These notes form an integral part of the unaudited condensed combined interim financial statements.

These unaudited condensed combined interim financial statements were authorised for issue by the Company’s board of directors on 7 December 2023.

1 Reporting entity

1.1 Introduction

These unaudited condensed combined interim financial statements (“interim financial statements”) as at and for the six months ended 30 June 2023 comprise DTP Infinities Limited (the “Company”) and its subsidiaries (together referred to as ‘the Group’). The interim financial statements have been prepared solely for inclusion in the Circular to Shareholders to be issued in connection with the proposed acquisition of the entire issued and paid-up share capital of DTP Infinities Limited (the “Offer Document”).

1.2 The Company

The Company is incorporated, domiciled and registered in the Cayman Islands.. The address of the Company’s registered office is St. George’s International Limited, The Grand Pavilion Commercial Centre, Hisbiscus Way, 802 West Bay Road, PO Box 30691, Grand Cayman, KY1-1203.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

The immediate, intermediate and ultimate holding companies are DTP Inter Holdings Corporation Pte Ltd (“DTP IH”), DTGO Prosperous Limited and DT Group of Companies Corporation Limited. The immediate holding company is incorporated in Singapore. The intermediate and ultimate holding companies are both incorporated in Thailand.

2 Going concern

As at 30 June 2023, the Group had net current liabilities GBP 121,661,000 which included interest-bearing loan and its accrued interests due to a related company (“interest-bearing shareholder loans”) amounting to GBP 96,218,000 in aggregate (Note 16). The related company refers to a company controlled by an intermediate holding company.

Notwithstanding the above, the Directors consider that it is appropriate for the Group to prepare its financial statements on a going concern basis, having considered the matters below, which will enable the Group to continue its operations and to meet its liabilities as and when they fall due, for a period of at least 12 months from the date of approval of these financial statements.

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In preparing the financial statements on a going concern basis, the Directors have considered the following:

- (i) On 24 August 2023, DSL extended the final maturity date for a loan and accrued interest of GBP 96,217,000 from 11 August 2024 to 31 December 2024, and undertook not to call for repayment of the outstanding loan including accrued interests due and payable until 31 December 2024 (or such other date to be mutually agreed between DSL and the Company). On 1 September 2023, the loan and accrued interest was assigned by DSL to DTP IH. On 4 December 2023, DTP IH extended the final maturity date for the outstanding loan and accrued interest from 31 December 2024 to 30 June 2025, and undertook not to call for repayment of the outstanding loan including accrued interest due and payable until 30 June 2025 (or such other date to be mutually agreed between DTP IH and the Company).
- (ii) On 1 September 2023, the Company entered into a loan conversion agreement with DSL to convert a loan outstanding of US\$75,639,000 (equivalent to approximately GBP 60,000,000) into 75,639,000 ordinary shares of US\$1 each.
- (iii) On 21 November 2023, the intermediate holding company and the related company undertook to defer the settlement of trade amounts due from the Group amounting to GBP 8,065,000 and GBP 3,329,000 respectively, until 30 June 2025.
- (iv) On 21 November 2023, the immediate holding company, DTP IH extended a loan facility amounting to GBP 15,000,000, of which GBP 12,000,000 has been drawn down on 1 December 2023. The unsecured loan bears interest of 8.1% per annum and is not due and payable until 30 June 2025.
- (v) The cashflow forecasts prepared for the period up to 12 months from the date of approval of these financial statements.
- (vi) The Group’s ability to obtain refinancing for the secured bank loan due in December 2024 based on the discussions with lenders at the date of issuance of these financial statements.

3 Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the last issued audited combined financial statements of the Group as at and for the years ended 31 December 2020, 2021 and 2022 which is included in the Offer Document of the Group. These interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain the events and transactions that are significant to understanding of the changes in the Group’s financial position and performance since the last issued audited combined financial statements.

These interim financial statements are presented in Sterling Pound (“GBP”), which is the Company’s functional currency. All financial information is presented in Sterling Pound have been rounded to the nearest thousand, unless otherwise stated.

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4 Use of estimates and judgements

The preparation of the interim combined financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in its audited combined financial statements in Appendix B of this Offering Document.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group’s Chief Executive Officer (“CEO”).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred

5 Changes in material accounting policies

The accounting policies applied in these combined interim financial statements are the same as those applied in the Group’s audited combined financial statements as at and for the year ended 31 December 2022.

The adoption of the IFRSs, amendments to and interpretations of IFRSs that are effective for the annual period beginning on 1 January 2023 did not have a material effect on the Group’s combined interim financial statements.

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6 Seasonality of operations

The Group’s hotel business is subject to seasonal fluctuations with higher demand during the school holidays in June and December and during certain festivities, such as Valentine’s Day and Christmas.

7 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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8 Property, plant and equipment

	At valuation		At cost			
	Freehold land GBP'000	Leasehold land GBP'000	Buildings GBP'000	Leasehold land and buildings (Right-of-use assets) GBP'000	Fixtures, fittings and equipment GBP'000	Total GBP'000
At valuation/cost						
At 1 January 2023	43,371	76,476	270,076	5,674	68,633	464,230
Additions	–	–	–	–	6,949	6,949
Revaluation surplus recognised in changes in equity	4,603	27	8,812	–	–	13,442
Elimination of depreciation of revaluation	–	–	(1,456)	–	–	(1,456)
At 30 June 2023	47,974	76,503	277,432	5,674	75,582	483,165
Accumulated depreciation and impairment						
At 1 January 2023	4,313	18,599	44,392	171	33,030	100,505
Charge for the period	–	–	1,456	–	4,905	6,361
Elimination of depreciation of revaluation	–	–	(1,456)	–	–	(1,456)
Reversal of impairment losses on land and buildings (net)	(678)	(13,403)	(25,974)	–	–	(40,055)
At 30 June 2023	3,635	5,196	18,418	171	37,935	65,355
Carrying amounts						
At 1 January 2023	39,058	57,877	225,684	5,503	35,603	363,725
At 30 June 2023	44,339	71,307	259,014	5,503	37,647	417,810

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Property, plant and equipment at cost includes the Group’s right-of-use assets with a carrying amount of GBP 5,605,000 (31 December 2022: GBP 5,605,000) mainly related to lease of leasehold lands of GBP 5,503,000 (31 December 2022: GBP 5,503,000) and IT equipment of GBP 102,000 (31 December 2022: GBP 102,000).

Freehold and leasehold land and buildings at valuation date relate to the Group’s hotel properties with a carrying amount of GBP 374,660,000 as at 30 June 2023 (31 December 2022: GBP 322,619,000).

Security

At 30 June 2023, freehold and leasehold land and buildings of the Group with a total carrying amount of GBP 374,660,000 (31 December 2022: GBP 322,619,000) were pledged as securities for secured loans (see Note 15).

Revaluation of freehold and leasehold land and buildings

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	30 June 2023 GBP’000	31 December 2022 GBP’000
Freehold land		
Carrying amount	39,525	38,847
Leasehold land		
Carrying amount	71,280	57,877
Buildings		
Carrying amount	245,535	221,015

The recoverable amount of the Group’s freehold and lease hold land and buildings are determined on a property-by-property basis (cash-generating unit) based on fair value less cost of disposal. As at 30 June 2023, freehold and leasehold land and buildings are revalued to their fair values. The revaluation gain of GBP 13,442,000 was recognised in other comprehensive income and reversal of impairment losses of GBP 40,055,000 were recognised in profit or loss for the six months period ended 30 June 2023 (6 months period ended 30 June 2022: Nil). The fair value of the freehold and leasehold land and buildings are determined by external property valuers who have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

Measurement of fair value

Fair value hierarchy

The fair value measurement for freehold and leasehold land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

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Valuation technique and significant unobservable inputs

The carrying value of the Group’s freehold and leasehold land and buildings at 30 June 2023 and 31 December 2022 reflects the results of a valuation exercise carried out by independent external valuers, Horwath HTL and Jones Lang LaSalle Ltd (“JLL”), respectively, whom the directors regard both as having a recognised professional qualification and recent experience in the location and type of property being valued. The external valuation was performed in accordance with the Royal Institute of Chartered Surveyors (“RICS”) valuation standards. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuation technique adopted as at 30 June 2023 and 31 December 2022 is the discounted cash flow method. Under this method, the present value of cash flows expected to be generated by the properties over a 10-year period is calculated, taking into account projected net operating income and capital expenditure over that period, together with an assumed terminal value and associated disposal costs at the end of the period. The expected cash flows are discounted using a risk adjusted discount rate, reflective of the property, its quality and location.

The valuation of the Group’s freehold and leasehold land and buildings portfolio is discussed with the Board of Directors in accordance with the Group’s reporting policies.

For the six months period ended 30 June 2023

The impairment losses reversed during the six months period mainly arose from the improved trading performances of certain hotel properties, following the progressive recovery of the hospitality sector in the locations in which these hotels are located.

For the financial year ended 31 December 2022

The impairment losses recognised for the year mainly arose from the less optimistic trading performances of certain hotel properties having considered the Omicron variant and the uncertainty that other variants may affect the general travel and hospitality sector outlook at the valuation date.

Significant unobservable inputs

The following table shows the significant unobservable inputs used in the valuation models:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flow method</i>	<ul style="list-style-type: none"> ▪ Discount rate: 9.00 % to 11.00 % (31 December 2022: 9.50% to 11.50%) ▪ Terminal capitalisation rate: 6.50 % to 9.00 % (31 December 2022: 7.00% to 9.00%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> ▪ the discount rate were lower (higher); or ▪ the terminal capitalisation rate were lower (higher).

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9 Subsidiaries

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest	
			2023 %	2022 %
DTP Hospitality Ltd	Investment holding	Cayman Islands	100	100
DTP Hoole Chester Limited	Investment holding	Cayman Islands	100	100
DTP Acquisition 1 Limited	Investment holding	Cayman Islands	100	100
DTP Acquisition 2 Limited	Investment holding	Cayman Islands	100	100
DTP Acquisition 1 Bristol Limited	Hotelier	Cayman Islands	100	100
DTP Acquisition 1 Leeds Limited	Hotelier	Cayman Islands	100	100
DTP Acquisition 1 Manchester Limited	Hotelier	Cayman Islands	100	100
DTP Acquisition 1 Birmingham Limited	Hotelier	Cayman Islands	100	100
DTP Acquisition 1 Glasgow Limited	Hotelier	Cayman Islands	100	100
DTP Acquisition 2 Salford Limited	Hotelier	Cayman Islands	100	100
DTP Acquisition 2 Mailbox Limited	Dormant	Cayman Islands	100	100
Lanos (Salford Quays) Limited	Property holding	Jersey	100	100
DTP Property Trustee 1 Limited	Trustee	United Kingdom	100	100
DTP Property Trustee 2 Limited	Trustee	United Kingdom	100	100
DTP Hospitality UK Limited	Management and procurement services	United Kingdom	100	100
DTP Employees and Services Limited	Management and procurement services	United Kingdom	100	100
Chapel Street Services Limited	Management and procurement services	United Kingdom	100	100
DTP Employees and Services 2 Limited	Management and procurement services	United Kingdom	100	100
DTP Infinities Corporation Limited	Investment holding	United Kingdom	100	100
DTP Regional Hospitality Group Limited	Investment holding	United Kingdom	100	100
DTP Holdco Limited	Investment holding	United Kingdom	100	100

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Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest	
			2023 %	2022 %
DTP Subholdco Limited	Investment holding	United Kingdom	100	100
DTP Finance Number 1 Limited	Investment holding	United Kingdom	100	100
Norfolk Capital Group Limited	Investment holding	United Kingdom	100	100
Chester International Hotel Limited	Hotelier	United Kingdom	100	100
Five Star Inns Limited	Hotelier	United Kingdom	100	100
The Harrogate International Hotel Limited	Hotelier	United Kingdom	100	100
The Solihull Hotel Company Limited	Hotelier	United Kingdom	100	100
Echo Hotel Limited	Hotelier	United Kingdom	100	100
Hoole Hall Country Club Limited	Hotelier	United Kingdom	100	100
Chapel Street Hotel Limited	Hotelier	United Kingdom	100	100
Chapel Street Food and Beverage Limited	Hotelier	United Kingdom	100	100
DTP Acquisition 2 Mailbox (UK) Limited	Hotelier	United Kingdom	100	100
Norfolk Capital Hotels Limited	Holding company	United Kingdom	100	100
Norfolk Capital Hotels (Southern) Limited	Dormant	United Kingdom	100	100
Chester International Hotel 2 Limited	Dormant	United Kingdom	100	100
Rowntrees (Market Street) Manchester Limited	Dormant	United Kingdom	100	100
Fraserfort Limited	Dormant	United Kingdom	100	100

All significant subsidiaries are audited by other member firms of KPMG International.

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10 Derivative financial assets

	30 June 2023 GBP’000	31 December 2022 GBP’000
Interest rate caps – FVTPL	<u>12,840</u>	<u>12,840</u>

As at 31 December 2022 and 30 June 2023, the interest rate caps have an interest rate of 2.25% per annum and a maturity date of 18 December 2024. The notional amount of interest rate caps as at 31 December 2022 and 30 June 2023 were GBP 310,941,000 and GBP 309,241,000 respectively.

The fair value of interest rate caps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

11 Trade and other receivables

	30 June 2023 GBP’000	31 December 2022 GBP’000
Current		
Trade receivables	3,135	3,264
Less: expected credit losses	<u>(127)</u>	<u>(235)</u>
	3,008	3,029
Other receivables	<u>1,096</u>	<u>1,315</u>
	4,104	4,344
Prepayments	<u>5,089</u>	<u>2,469</u>
	<u>9,193</u>	<u>6,813</u>

12 Cash and cash equivalents

	30 June 2023 GBP’000	31 December 2022 GBP’000
Cash at bank	<u>12,885</u>	<u>28,475</u>

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13 Share capital

	30 June 2023	31 December 2022
	Number of ordinary shares '000	Number of ordinary shares '000
Fully paid ordinary shares, with no par value:		
At 1 January	1	1
Issuance of ordinary shares	203,573	–
	<u>203,574</u>	<u>1</u>

Ordinary share capital

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company’s residual assets.

Issuance of ordinary shares

On 12 June 2023, the Company entered into a loan conversion agreement with the immediate holding company, DTP IH, to convert an outstanding loan of US\$148,099,000 (equivalent to approximately GBP 117,727,000) into 148,099,000 ordinary shares of US\$1 each.

On 20 June 2023, the Company issued 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company, DTP IH, for cash a consideration of US\$55,473,000 (equivalent to approximately GBP 43,457,000). Cash consideration from the share issuance of was remitted directly in full to a related company, Dees Supreme Limited, as partial settlement of the loan owing by the Company.

Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern so that it can continue to provide returns for the shareholder. Capital consists of share capital and accumulated losses.

The Group’s capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Group belongs. For this purpose, the Group defines “capital” as including all components of equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instrument.

14 Revaluation reserve

The revaluation reserve represents increases in the fair value of land and buildings included in property, plant and equipment, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

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15 Loans and borrowings

	30 June 2023 GBP’000	31 December 2022 GBP’000
Non-current		
Secured bank loans	288,292	300,741
Lease liabilities	5,705	5,705
	<u>293,997</u>	<u>306,446</u>
Current		
Secured bank loans	6,800	6,800
Lease liabilities	49	49
	<u>6,849</u>	<u>6,849</u>
Total loans and borrowings	<u>300,846</u>	<u>313,295</u>

Security, terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Maturity date	Face value GBP’000	Carrying amount GBP’000
30 June 2023					
Secured floating rate loan	GBP	SONIA +2.78%	December 2024	245,100	245,100
Secured floating rate loan	GBP	SONIA +6.50%	December 2024	49,992	49,992
Lease liabilities	GBP	7.12% - 8.38%	January 2023- March 2140	43,558	5,754
				<u>338,650</u>	<u>300,846</u>
31 December 2022					
Secured floating rate loan	GBP	SONIA +2.78%	December 2024	247,848	247,848
Secured floating rate loan	GBP	SONIA +6.50%	December 2024	59,693	59,693
Lease liabilities	GBP	7.12% - 8.38%	January 2023- March 2140	43,558	5,754
				<u>351,099</u>	<u>313,295</u>

APPENDIX C – INDEPENDENT AUDITORS' REVIEW REPORT AND THE UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Secured bank loans GBP'000	Lease liabilities GBP'000	Loan from immediate holding company (Note 16) GBP'000	Loan from intermediate holding companies (Note 16) GBP'000	Loan from a related company (Note 16) GBP'000	Interest payable to immediate and intermediate holding companies and a related company (Note 16) GBP'000	T total GBP'000
Balance at 1 January 2023		307,541	5,754	4,383	93,790	135,293	15,507	562,268
Changes from financing cash flows								
- Proceeds from interest-bearing loans		-	-	-	6,134	-	-	6,134
- Repayment of interest-bearing loans		(12,449)	-	-	-	-	-	(12,449)
- Interest paid		(11,120)	-	-	-	-	-	(11,120)
Total changes from financing cash flows		(23,569)	-	-	6,134	-	-	(17,435)
Other changes								
- Repayment of interest-bearing loans paid on behalf by intermediate holding companies		-	-	-	(472)	-	-	(472)
- Interest paid on behalf by intermediate holding companies		-	-	-	-	-	(6,756)	(6,756)
- Interest expense	18	11,120	-	-	-	-	9,522	20,642
- Assignment of loan and interest payable from related company, intermediate holding company to immediate holding company		-	-	111,521	(99,452)	-	(12,069)	-
- Conversion of interest payable from immediate holding company to equity		-	-	-	-	-	(1,823)	(1,823)
- Conversion of accrued interest payable from a related company to equity		-	-	-	-	-	(4,241)	(4,241)
- Conversion of loan from immediate holding company to equity		-	-	(115,904)	-	-	-	(115,904)
- Issuance of ordinary shares to immediate holding company settled through direct payment to a related company		-	-	-	-	(39,216)	-	(39,216)
Total other changes		11,120	-	(4,383)	(99,924)	(39,216)	(15,367)	(147,770)
Balance at 30 June 2023		295,092	5,754	-	-	96,077	140	397,063

**APPENDIX C – INDEPENDENT AUDITORS' REVIEW REPORT AND THE UNAUDITED CONDENSED COMBINED INTERIM
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	Note	Secured bank loans GBP'000	Lease liabilities GBP'000	Loans from intermediate holding company (Note 16) GBP'000	Loans from intermediate holding companies (Note 16) GBP'000	Loan from a related company (Note 16) GBP'000	Interest payable to intermediate and intermediate holding companies and a related company (Note 16) GBP'000	Total GBP'000
Balance at 1 January 2022		329,341	5,738	4,383	44,229	135,293	10,257	529,241
Changes from financing cash flows								
- Proceeds from interest-bearing loans		-	-	-	27,882	-	-	27,882
- Repayment of interest-bearing loans		(18,400)	-	-	-	-	-	(18,400)
- Interest paid		(6,639)	-	-	-	-	-	(6,639)
Total changes from financing cash flows		(25,039)	-	-	27,882	-	-	2,843
Other changes								
- Interest paid on behalf by intermediate holding companies	18	-	-	-	-	-	(4,819)	(4,819)
- Interest expense		6,639	-	-	-	-	7,528	14,167
Total other changes		6,639	-	-	-	-	2,709	9,348
Balance at 30 June 2022		310,941	5,738	4,383	72,111	135,293	12,966	541,432

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16 Trade and other payables

	30 June 2023 GBP’000	31 December 2022 GBP’000
Trade amounts due to:		
- third parties	9,625	6,951
- intermediate holding companies	8,065	6,940
- related companies	3,752	4,614
Deferred income	6,154	4,451
Loans from:		
- immediate holding company	–	4,383
- intermediate holding companies	–	93,790
- a related company	96,077	135,293
Interest payable to:		
- intermediate holding companies	–	10,447
- a related company	140	5,060
Accrued operating expenses	9,291	10,945
Tax and social security payable	4,167	3,503
Other payables	513	576
	<u>137,784</u>	<u>286,953</u>

Loan from immediate holding company is unsecured, bears interest at 7.25% per annum as at 31 December 2022, and is repayable on demand.

Loans from intermediate holding companies are unsecured, bear fixed interest of 6.95% to 12.60% per annum as at 31 December 2022, and are repayable on demand.

Loan from a related company is unsecured, bears fixed interest of 7.35% (31 December 2022: 7.35%) per annum as at 30 June and is repayable on demand.

17 Revenue

Disaggregated revenue is reported in the same way as it is reviewed and analysed internally by management.

	For the six months ended 30 June	
	2023 GBP’000	2022 GBP’000
Revenue from contracts with customers		
Accommodation	46,192	39,185
Food and beverage	18,453	15,561
Leisure	1,567	1,292
Others	1,735	1,850
	<u>67,947</u>	<u>57,888</u>

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
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Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primarily geographic markets and timing of revenue recognition.

	For the six months ended 30 June	
	2023	2022
	GBP’000	GBP’000
Primary geographic markets		
England	59,070	50,833
Scotland	8,877	7,055
	<u>67,947</u>	<u>57,888</u>
Timing of revenue recognition		
Services transferred at a point in time	16,696	14,479
Services transferred over time	51,251	43,409
	<u>67,947</u>	<u>57,888</u>

18 Finance income and costs

	For the six months ended 30 June	
	2023	2022
	GBP’000	GBP’000
Finance income		
Interest income	235	36
Income from derivative financial assets	2,645	–
	<u>2,880</u>	<u>36</u>
Finance costs		
Interest expense related to:		
- Loans and borrowings	(11,120)	(6,639)
- Loans from intermediate holding companies	(9,522)	(7,528)
Bank charges	(49)	–
Others	–	(11)
	<u>(20,691)</u>	<u>(14,178)</u>

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
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19 Profit/(Loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	For the six months ended 30 June	
	2023 GBP’000	2022 GBP’000
Depreciation of property, plant and equipment	(6,361)	(6,233)
Reversal of impairment losses on land and buildings	40,055	–
Reversal of expected credit loss on trade receivables	108	80
Employee benefits expense (see below)	(21,553)	(19,778)
Employee benefits expense		
Salaries, bonuses and other costs	(21,214)	(19,492)
Defined contribution plans	(339)	(286)
	<u>(21,553)</u>	<u>(19,778)</u>

All staff related costs are recognised in cost of sales in the statement of comprehensive income.

20 Income tax expense

Income tax expense is recognised based on management’s estimate of the weighted average annual income tax rate expected for the full financial year. The increase of the UK corporation rate to 25% was substantively enacted in May 2021 (effective from 1 April 2023). The estimated weighted average annual income tax rate used for the year to 30 June 2023 is 25%, compared to 19% for the six months ended 30 June 2022.

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE
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21 Earnings per share

The calculation of basic and diluted earnings per share was based on the following:

	For the six months ended 30 June	
	2023 GBP’000	2022 GBP’000
Profit/(loss) attributable to the ordinary shareholders	27,837	(10,981)
	<hr/>	
	For the six months ended 30 June	
	2023 No. of shares ‘000	2022 No of shares ‘000
Weighted-average number of shares		
Issued shares at 1 January	1	1
Effect of conversion of related party loans to shares	15,546	–
Effect of new shares issued	12,372	–
Weighted average number of ordinary shares during the period	<hr/> 27,919	<hr/> 1
Basic earnings per share (GBP)	<hr/> 1	<hr/> (10,981)

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

22 Operating segments

The Group has two reportable geographical segments, representing its operations in England and Scotland, which are managed separately due to the different geographical locations. The Group’s Chief Executive Officer (the chief operating decision maker) reviews internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments. Segment assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

For the six months ended 30 June

	England Hotels		Scotland Hotels		Total	
	2023	2022	2023	2022	2023	2022
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
External revenues	59,070	50,833	8,877	7,055	67,947	57,888
Depreciation of property, plant and equipment	(5,514)	(5,527)	(847)	(706)	(6,361)	(6,233)
Finance income	2,880	36	–	–	2,880	36
Finance costs	(20,691)	(14,178)	–	–	(20,691)	(14,178)
Reportable segment profit/(loss) before tax	24,751	(11,273)	3,086	292	27,837	(10,981)
Other material items of income and expenses and non-cash item:						
Reversal of impairment losses on land and buildings	37,623	–	2,432	–	40,055	–
Reversal of ECL on trade receivables	75	78	33	2	108	80
	37,698	78	2,465	2	40,163	80

	30 June 2023		31 December 2022		30 June 2023		31 December 2022	
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	
Assets and liabilities								
Reportable segment non-current assets	370,385	316,425	47,425	47,300	417,810	363,725		
Reportable segment assets	391,610	351,249	49,172	48,688	440,782	399,937		
Other segmental information								
Capital expenditure on property, plant and equipment	(5,976)	(15,749)	(973)	(3,995)	(6,949)	(19,744)		

APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT AND THE UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023

Geographical information

The hotel business are managed primarily in United Kingdom. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers and segment assets are based on the geographical location of the assets.

Information about major customers

There is no single major customer that contributes more than 10% of the Group’s revenue. The revenue is spread over a broad base of customers.

23 Commitments

At 30 June 2023, the Group has committed to specific capital works estimated at GBP 5,613,000 (31 December 2022: GBP 6,030,000).

24 Related parties

Key management personnel compensation

None of the directors earned any directors’ fees or other remuneration in respect of their appointment as directors of the Company during the current year. The directors are not paid directly by the Company but receive remuneration from Company’s holding company, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

Related party transactions

Other than those disclosed elsewhere in the financial statements, there were the following transactions carried out on terms agreed with related parties:

	For the six months ended 30 June	
	2023	2022
	GBP’000	GBP’000
Management fees payable to related parties	2,379	2,024
Expenses recharged to a related company	1,163	1,908
	<hr/>	<hr/>

**APPENDIX C – INDEPENDENT AUDITORS' REVIEW REPORT AND THE UNAUDITED CONDENSED COMBINED INTERIM
FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023**

25 Financial instruments

Accounting classifications and fair values

The carrying amounts of financial assets and liabilities shown in the statement of financial position are as follows. Fair value information for financial assets and liabilities not measured at fair value has not been presented if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value				
	Fair value through profit or loss GBP'000	Amortised cost GBP'000	Other financial liabilities GBP'000	Total GBP'000	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
30 June 2023								
Financial assets not measured at fair value								
Trade and other receivables*	–	4,104	–	4,104	–	–	–	–
Cash and cash equivalents	–	12,885	–	12,885	–	–	–	–
	–	16,989	–	16,989	–	–	–	–
Financial assets measured at fair value								
Derivative financial assets	12,840	–	–	12,840	–	12,840	–	12,840
Financial liabilities not measured at fair value								
Trade and other payables**	–	–	(127,463)	(127,463)	–	–	–	–
Loan and borrowings***	–	–	(295,092)	(295,092)	–	–	–	–
	–	–	(422,555)	(422,555)	–	–	–	–

* Excluding prepayments

** Excluding tax and social security payable and deferred income

*** Excluding lease liabilities

**APPENDIX C – INDEPENDENT AUDITORS' REVIEW REPORT AND THE UNAUDITED CONDENSED COMBINED INTERIM
FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023**

Accounting classifications and fair values

	Carrying amount			Fair value				
	Fair value through profit or loss GBP'000	Amortised cost GBP'000	Other financial liabilities GBP'000	Total GBP'000	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
31 December 2022								
Financial assets not measured at fair value								
Trade and other receivables*	-	4,344	-	4,344	-	-	-	-
Cash and cash equivalents	-	28,475	-	28,475	-	-	-	-
	-	32,819	-	32,819	-	-	-	-
Financial assets measured at fair value								
Derivative financial assets	12,840	-	-	12,840	-	12,840	-	12,840
Financial liabilities not measured at fair value								
Trade and other payables**	-	-	(278,999)	(278,999)	-	-	-	-
Loan and borrowings***	-	-	(307,541)	(307,541)	-	-	-	-
	-	-	(586,540)	(586,540)	-	-	-	-

* Excluding prepayments

** Excluding tax and social security payable and deferred income

*** Excluding lease liabilities

Measurement of fair value

Derivative financial assets

The fair value of derivative financial assets is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the measurement date.

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26 Subsequent events

Subsequent to the reporting date, there were the following significant events for the Group:

- (i) On 24 August 2023, DSL extended the final maturity date for a loan and accrued interest of GBP 96,217,000 from 11 August 2024 to 31 December 2024, and undertook not to call for repayment of the outstanding loan including accrued interests due and payable until 31 December 2024 (or such other date to be mutually agreed between DSL and the Company). On 1 September 2023, the loan and accrued interest was assigned by DSL to DTP IH. On 4 December 2023, DTP IH extended the final maturity date for the outstanding loan and accrued interest from 31 December 2024 to 30 June 2025, and undertook not to call for repayment of the outstanding loan including accrued interest due and payable until 30 June 2025 (or such other date to be mutually agreed between DTP IH and the Company).
- (ii) On 1 September 2023, the Company entered into a loan conversion agreement with DSL to convert a loan outstanding of US\$75,639,000 (equivalent to approximately GBP 60,000,000) into 75,639,000 ordinary shares of US\$1 each.
- (iii) On 21 November 2023, the intermediate holding company and the related company undertook to defer the settlement of trade amounts due from the Group amounting to GBP 8,065,000 and GBP 3,329,000 respectively, until 30 June 2025.
- (iv) On 21 November 2023, the immediate holding company, DTP IH extended a loan facility amounting to GBP 15,000,000, of which GBP 12,000,000 has been drawn down on 1 December 2023. The unsecured loan bears interest of 8.1% per annum and is not due and payable until 30 June 2025.

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**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

DTP Infinities Limited and its subsidiaries

Unaudited Pro Forma Financial Information
For the year ended 31 December 2022
and the six months ended June 2023

APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023

Independent Auditors’ Report on the compilation of unaudited pro forma financial information

The Board of Directors
DTP Infinities Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of DTP Infinities Limited (the “Company”) and its subsidiaries (the “Group”). The unaudited pro forma financial information consists of the unaudited pro forma statements of financial position as at 31 December 2022 and 30 June 2023, the unaudited pro forma statements of comprehensive income and the unaudited pro forma statements of cash flows for the year ended 31 December 2022 and the six months ended 30 June 2023, and related notes (the Unaudited Pro Forma Financial Information) as set out on pages D-5 to D-16 of the Circular issued (the “Circular”). The Unaudited Pro Forma Financial Information of the Company has been prepared for illustrative purposes only and is based on certain assumptions, after making certain adjustments. The applicable criteria (the “Criteria”) on the basis of which the Management has compiled the Unaudited Pro Forma Financial Information are described in Note 3 to the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information has been compiled by management to illustrate the impact of the significant events set out in Note 2 to the Unaudited Pro Forma Financial Information on:

- (i) the Group’s unaudited pro forma financial position as at 31 December 2022 and 30 June 2023 as if the significant events had taken place on 31 December 2022 and 30 June 2023 respectively; and
- (ii) the Group’s unaudited pro forma financial performance and cash flows for the year ended 31 December 2022 and the six months ended 30 June 2023 as if the significant events had taken place on 1 January 2022.

As part of this process, information about the Group’s combined financial position as at 31 December 2022 and 30 June 2023, combined financial performance and combined cash flows for the year ended 31 December 2022 and six months ended 30 June 2023 has been extracted by management of the Group from the Group’s combined financial statements for the year ended 31 December 2022 and six months ended 30 June 2023, on which an audit report and a review report have been published respectively.

The management’s responsibility for the pro forma financial information

The management is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria as described in Note 3.

Independent Auditors’ independence and quality management

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023

Our firm applies Singapore Standard on Quality Management (SSQM) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors’ responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Management on the basis of the Criteria as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (“SSAE”) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants (the “ISCA”). This standard requires that the Independent Auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction on 30 June 2023, 31 December 2022 and 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Management in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) the related pro forma adjustments give appropriate effect to those Criteria; and
- (ii) the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Independent Auditors’ judgement, having regard to his understanding of the nature of the company, event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
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ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with International Financial Reporting Standards; and
 - (ii) on the basis of the Criteria stated in Note 3 of the Unaudited Pro Forma Financial Information; and
- (b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such unaudited financial information.

Restriction of Use and Distribution

This report is made solely to you as a body for inclusion in the circular to shareholders to be issued in connection with the proposed acquisition of the entire issued and paid-up share capital of the Company and for no other purpose.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore

Tan Kar Yee, Linda
Partner-in-charge

7 December 2023

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Financial Position
As at 31 December 2022**

	Audited combined statement of financial position GBP’000	Note (i) GBP’000	Pro forma adjustments		Unaudited pro forma statement of financial position GBP’000
			Note (ii) GBP’000	Note (iii) GBP’000	
Non-current assets					
Property, plant and equipment	363,725	-	-	-	363,725
Derivative financial asset	12,840	-	-	-	12,840
Deferred tax asset	16,533	-	-	-	16,533
	393,098	-	-	-	393,098
Current assets					
Inventories	924	-	-	-	924
Trade and other receivables	6,813	-	-	-	6,813
Cash and cash equivalents	28,475	-	-	12,000	40,475
	36,212	-	-	12,000	48,212
Total assets	429,310	-	-	12,000	441,310
Equity					
Share capital	1	177,727	43,457	-	221,185
Revaluation reserve	3,409	-	-	-	3,409
Accumulated losses	(177,817)	-	-	-	(177,817)
Equity attributable to owner of the Company	(174,407)	177,727	43,457	-	46,777
Non-current liabilities					
Loans and borrowings	306,446	-	-	-	306,446
Other payable	-	-	-	12,000	12,000
Deferred tax liabilities	3,469	-	-	-	3,469
	309,915	-	-	12,000	321,915
Current liabilities					
Loans and borrowings	6,849	-	-	-	6,849
Trade and other payables	286,953	(177,727)	(43,457)	-	65,769
	293,802	(177,727)	(43,457)	-	72,618
Total liabilities	603,717	(177,727)	(43,457)	12,000	394,533
Total equity and liabilities	429,310	-	-	12,000	441,310

Adjustments:

Note (i): Adjustment to reflect the conversion of outstanding loans and interest of GBP117,727,000 and GBP 60,000,000 into 148,099,000 ordinary shares and 75,639,000 ordinary shares of US\$1 each, respectively.

Note (ii): Adjustment to reflect the issuance of 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company for cash consideration of GBP 43,457,000 which was remitted to a related company as partial settlement of loan outstanding.

Note (iii): Adjustment to reflect the loan drawdown of GBP 12,000,000 from the immediate holding company.

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Financial Position
As at 30 June 2023**

	Audited combined statement of financial position GBP’000	Pro forma adjustments		Unaudited pro forma statement of financial position GBP’000
		Note (i) GBP’000	Note (ii) GBP’000	
Non-current assets				
Property, plant and equipment	417,810	-	-	417,810
Derivative financial asset	12,840	-	-	12,840
Deferred tax asset	16,533	-	-	16,533
	<u>447,183</u>	-	-	<u>447,183</u>
Current assets				
Inventories	894	-	-	894
Trade and other receivables	9,193	-	-	9,193
Cash and cash equivalents	12,885	-	12,000	24,885
	<u>22,972</u>	-	12,000	<u>34,972</u>
Total assets	<u>470,155</u>	-	12,000	<u>482,155</u>
Equity				
Share capital	161,185	60,000	-	221,185
Revaluation reserve	16,851	-	-	16,851
Accumulated profits	(149,980)	-	-	(149,980)
Equity attributable to owner of the Company	<u>28,056</u>	<u>60,000</u>	-	<u>88,056</u>
Non-current liabilities				
Loans and borrowings	293,997	-	-	293,997
Other payable	-	-	12,000	12,000
Deferred tax liabilities	3,469	-	-	3,469
	<u>297,466</u>	-	12,000	<u>309,466</u>
Current liabilities				
Loans and borrowings	6,849	-	-	6,849
Trade and other payables	137,784	(60,000)	-	77,784
	<u>144,633</u>	<u>(60,000)</u>	-	<u>84,633</u>
Total liabilities	<u>442,099</u>	<u>(60,000)</u>	12,000	<u>394,099</u>
Total equity and liabilities	<u>470,155</u>	-	12,000	<u>482,155</u>

Adjustments:

Note (i): Adjustment to reflect the conversion of outstanding loan of GBP 60,000,000 into 75,639,000 ordinary shares of US\$1 each.

Note (ii): Adjustment to reflect the loan drawdown of GBP 12,000,000 from the immediate holding company.

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Comprehensive Income
For the year ended 31 December 2022**

	Audited combined statement of comprehen- sive income GBP’000	Note (i) GBP’000	Pro forma adjustments Note (ii) GBP’000	Note (iii) GBP’000	Unaudited Pro forma statement of comprehen- sive income GBP’000
Revenue	128,799	-	-	-	128,799
Cost of sales	(60,040)	-	-	-	(60,040)
Gross profit	68,759	-	-	-	68,759
Other income	3,378	-	-	-	3,378
Administrative expenses	(61,529)	-	-	-	(61,529)
Other expenses	(35,441)	-	-	-	(35,441)
Results from operating activities	(24,833)	-	-	-	(24,833)
Finance income	11,520				11,520
Finance costs	(32,173)	13,716	3,194	(972)	(16,235)
Net finance costs	(20,653)	13,716	3,194	(972)	(4,715)
Loss before tax	(45,486)	13,716	3,194	(972)	(29,548)
Tax expense	16,691	-	-	-	16,691
Loss for the year	(28,795)	13,716	3,194	(972)	(12,857)
Profit for the year attributable to owner of the Company	(28,795)	13,716	3,194	(972)	(12,857)
Other comprehensive loss <i>Items that will not be reclassified to profit or loss:</i>					
Revaluation of property, plant and equipment	(4,199)	-	-	-	(4,199)
Related deferred tax	(352)	-	-	-	(352)
Other comprehensive loss for the year, net of tax	(4,551)	-	-	-	(4,551)
Total comprehensive loss for the year	(33,346)	13,716	3,194	(972)	(17,408)
Total comprehensive loss for the year attributable to owner of the Company	(33,346)	13,716	3,194	(972)	(17,408)

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

Adjustments:

- Note (i): Adjustment to reflect the conversion of outstanding loans and interest of GBP117,727,000 which bore interest from 7.22% to 8.80% per annum and GBP 60,000,000 which bore interest at 7.35% per annum into 148,099,000 ordinary shares and 75,639,000 ordinary shares of US\$1 each respectively.
- Note (ii): Adjustment to reflect the issuance of 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company for cash consideration of GBP 43,457,000 which was remitted to a related company as partial settlement of loan which bore interest at 7.35% per annum.
- Note (iii): Adjustment to reflect the loan drawdown of GBP 12,000,000 from the immediate holding company which bore interest at 8.1% per annum.

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Comprehensive Income
For the six months ended 30 June 2023**

	Unaudited combined statement of comprehen- sive income GBP’000	Pro forma adjustments			Unaudited pro forma statement of comprehen- sive income GBP’000
		Note (i) GBP’000	Note (ii) GBP’000	Note (iii) GBP’000	
Revenue	67,947	-	-	-	67,947
Cost of sales	(30,642)	-	-	-	(30,642)
Gross profit	37,305	-	-	-	37,305
Other income	43,788	-	-	-	43,788
Administrative expenses	(31,997)	-	-	-	(31,997)
Other expenses	(3,448)	-	-	-	(3,448)
Results from operating activities	45,648	-	-	-	45,648
Finance income	2,880	-	-	-	2,880
Finance costs	(20,691)	10,697	3,018	(486)	(7,462)
Net finance costs	(17,811)	10,697	3,018	(486)	(4,582)
Profit before tax	27,837	10,697	3,018	(486)	41,066
Tax expense	-	-	-	-	-
Profit for the period	27,837	10,697	3,018	(486)	41,066
Profit for the period attributable to owner of the Company	27,837	10,697	3,018	(486)	41,066
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation of property, plant and equipment	13,442	-	-	-	13,442
Other comprehensive income for the year, net of tax	13,442	-	-	-	13,442
Total comprehensive income for the period	41,279	10,697	3,018	(486)	54,508
Total comprehensive income for the period attributable to owner of the Company	41,279	10,697	3,018	(486)	54,508

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

Adjustments

- Note (i): Adjustment to reflect the conversion of outstanding loans and interest of GBP117,727,000 which bore interest from 7.22% to 8.80% per annum and GBP 60,000,000 which bore interest at 7.35% per annum into 148,099,000 ordinary shares and 75,639,000 ordinary shares of US\$1 each respectively.
- Note (ii): Adjustment to reflect the issuance of 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company for cash consideration of GBP 43,457,000 which was remitted to a related company as partial settlement of loan outstanding which bore interest at 7.35% per annum.
- Note (iii): Adjustment to reflect the loan drawdown of GBP 12,000,000 from the immediate holding company which bore interest at 8.1% per annum.

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Cash Flows
For the year ended 31 December 2022**

	Audited combined statement of cash flows GBP’000	Note (i) GBP’000	Pro forma adjustments Note (ii) GBP’000	Note (iii) GBP’000	Unaudited pro forma statement of cash flows GBP’000
Cash flows from operating activities					
Loss before tax	(45,486)	13,716	3,194	(972)	(29,548)
Adjustments for:					
Depreciation of property, plant and equipment	12,676	-	-	-	12,676
Inventory written off	154	-	-	-	154
Reversal of expected credit loss (“ECL”) on trade receivables	(164)	-	-	-	(164)
Impairment loss on land and buildings	31,406	-	-	-	31,406
Release of franchisor contributions	(139)	-	-	-	(139)
Finance income	(11,520)	-	-	-	(11,520)
Finance expense	32,173	(13,716)	(3,194)	972	16,235
	<u>19,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,100</u>
Changes in working capital:					
Inventories	(312)	-	-	-	(312)
Trade and other receivables	(2,518)	-	-	-	(2,518)
Trade and other payables	(2,108)	-	-	-	(2,108)
Net cash generated from operating activities	<u>14,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,162</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	(19,744)	-	-	-	(19,744)
Net cash used in investing activities	<u>(19,744)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,744)</u>

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Cash Flows (cont’d)
For the year ended 31 December 2022**

	Audited combined statement of cash flows GBP’000	Note (i) GBP’000	Pro forma adjustments Note (ii) GBP’000	Note (iii) GBP’000	Unaudited pro forma statement of cash flows GBP’000
Cash flows from financing activities					
Proceeds from issue of share capital	-	-	43,457	-	43,457
Proceeds of loans from intermediate holding companies	49,561	-	-	12,000	61,561
Repayment of loan to related company	-	-	(43,457)	-	(43,457)
Repayment of secured bank loans	(21,800)	-	-	-	(21,800)
Interest paid on secured bank loans	(15,483)	-	-	-	(15,483)
Payment of lease liabilities	(414)	-	-	-	(414)
Net cash generated from financing activities	11,864	-	-	12,000	23,864
Net increase in cash and cash equivalents	6,282	-	-	12,000	18,282
Cash and cash equivalents at beginning of the year	22,193	-	-	-	22,193
Cash and cash equivalents at end of the year	28,475	-	-	12,000	40,475

Adjustments:

Note (i): Adjustment to reflect the conversion of outstanding loans and interest of GBP117,727,000 which bore interest from 7.22% to 8.80% per annum and GBP 60,000,000 which bore interest at 7.35% per annum into 148,099,000 ordinary shares and 75,639,000 ordinary shares of US\$1 each respectively.

Note (ii): Adjustment to reflect the issuance of 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company for cash consideration of GBP 43,457,000 which was remitted to a related company as partial settlement of loan outstanding which bore interest at 7.35% per annum.

Note (iii): Adjustment to reflect the loan drawdown of GBP 12,000,000 from the immediate holding company which bore interest at 8.1% per annum.

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Cash Flows
For the six months ended 30 June 2023**

	Unaudited combined statement of cash flows GBP’000	Pro forma adjustments			Unaudited pro forma statement of cash flows GBP’000
		Note (i) GBP’000	Note (ii) GBP’000	Note (iii) GBP’000	
Cash flows from operating activities					
Profit before tax	27,837	10,697	3,018	(486)	41,066
Adjustments for:					
Depreciation of property, plant and equipment	6,361	-	-	-	6,361
Reversal of ECL on trade receivables	(108)	-	-	-	(108)
Reversal of impairment losses on property, plant and equipment	(40,055)	-	-	-	(40,055)
Finance income	(2,880)	-	-	-	(2,880)
Finance expense	20,691	(10,697)	(3,018)	486	7,462
	11,846	-	-	-	11,846
Changes in working capital:					
Inventories	30	-	-	-	30
Trade and other receivables	(2,272)	-	-	-	(2,272)
Trade and other payables	(3,641)	-	-	-	(3,641)
Net cash generated from operating activities	5,963	-	-	-	5,963
Cash flows from investing activities					
Purchase of property, plant and equipment	(6,949)	-	-	-	(6,949)
Interest received	235	-	-	-	235
Income from derivative financial assets received	2,645	-	-	-	2,645
Bank charges paid	(49)	-	-	-	(49)
Net cash used in investing activities	(4,118)	-	-	-	(4,118)

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

**APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA
FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR
ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023**

**Unaudited Pro Forma Statement of Cash Flows (cont’d)
For the six months ended 30 June 2023**

	Unaudited combined statement of cash flows GBP’000	Note (i) GBP’000	Pro forma adjustments		Unaudited pro forma statement of cash flows GBP’000
			Note (ii) GBP’000	Note (iii) GBP’000	
Cash flows from financing activities					
Proceeds of loans from intermediate holding companies	6,134	-	-	12,000	18,134
Repayment of secured bank loans	(12,449)	-	-	-	(12,449)
Interest paid on secured bank loans	(11,120)	-	-	-	(11,120)
Net cash (used in)/from financing activities	(17,435)	-	-	12,000	(5,435)
Net decrease in cash and cash equivalents	(15,590)	-	-	12,000	(3,590)
Cash and cash equivalents at beginning of the period	28,475	-	-	-	28,475
Cash and cash equivalents at end of the period	12,885	-	-	12,000	24,885

Adjustments:

- Note (i): Adjustment to reflect the conversion of outstanding loan of GBP 60,000,000 which bore interest at 7.35% per annum into 75,639,000 ordinary shares of US\$1 each.
- Note (ii): Adjustment to reflect the issuance of 55,473,000 ordinary shares of the Company at US\$1 each to the immediate holding company for cash consideration of GBP 43,457,000 which was remitted to a related company as partial settlement of loan outstanding which bore interest at 7.35% per annum.
- Note (iii): Adjustment to reflect the loan drawdown of GBP 12,000,000 from the immediate holding company which bore interest at 8.1% per annum.

The accompanying notes form an integral part of these Unaudited Pro Forma Financial Information.

APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023

Notes to the Unaudited Pro Forma Financial Information

1 Introduction

The Unaudited Pro forma Financial Information of DTP Infinities Limited (the “Company”) and its subsidiaries (the “Group”) consists of the unaudited pro forma statement of financial position of the Group as at 31 December 2022 and 30 June 2023, the unaudited pro forma statements of comprehensive income and unaudited pro forma statements of cash flows of the Group for the year ended 31 December 2022 and the six months ended 30 June 2023 (the “Unaudited Pro forma Financial Information”).

The Unaudited Pro forma Financial Information has been prepared solely for inclusion in the Circular to Shareholders to be issued in connection with the proposed acquisition of the entire issued and paid-up share capital of DTP Infinities Limited.

2 Significant events and pro forma adjustments

Save for the following significant events relating to the Group described below (the “Transactions”), the directors of the Group, as at the date of this report, are not aware of any significant acquisitions or disposals of assets and subsidiaries or significant changes made to the capital structure of the Group subsequent to 31 December 2022.

(a) Conversion of loans to ordinary shares

On 12 June 2023, the Group entered into a loan conversion agreement with the immediate holding company, DTP Inter Holdings Corporation Pte Ltd (“DTP IH”) to convert outstanding loan and interest of US\$ 148,099,000 (equivalent to approximately GBP 117,727,000) which bore interest from 7.22% to 8.80% per annum into 148,099,000 ordinary shares of US\$1 each.

On 1 September 2023, the Company entered into a loan conversion agreement with the immediate holding company, DTP IH to convert an outstanding loan of US\$ 75,639,000 (equivalent to approximately GBP 60,000,000) which bore interest at 7.35% per annum into 75,639,000 ordinary shares of US\$1 each.

(b) Issuance of ordinary shares and repayment of loan to a related company

On 20 June 2023, the Company issued 55,473,000 ordinary shares at US\$1 each to the immediate holding company, DTP IH for cash consideration of US\$55,473,000 (equivalent to approximately GBP 43,457,000) which was remitted to a related company, DSL as partial settlement of loan outstanding which bore interest at 7.35% per annum.

(c) Extension of shareholder’s loan by the immediate holding company

On 21 November 2023, the immediate holding company, DTP IH extended a loan facility amounting to GBP 15,000,000, of which GBP 12,000,000 has been drawn down on 1 December 2023. The unsecured loan bears interest of 8.1% per annum and is not due and payable until 30 June 2025.

APPENDIX D – INDEPENDENT AUDITORS’ REPORT AND THE PRO FORMA FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE SIX MONTHS ENDED 30 JUNE 2023

3 Basis of preparation of the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information of the Group for the year ended 31 December 2022 have been compiled based on:

- (a) The audited combined financial statements of the Group for the financial year ended 31 December 2022 which were prepared in accordance with International Financial Reporting Standards and audited by KPMG LLP, Singapore, in accordance with Singapore Standards on Auditing for inclusion in the Circular to Shareholders to be issued in connection with the proposed acquisition of the entire issued and paid-up share capital of DTP Infinities Limited. The independent auditors’ report on these combined financial statements did not contain any qualification, modification or disclaimer; and
- (b) the unaudited condensed combined interim financial statements of the Group for the six months ended 30 June 2023 which were prepared in accordance with the IAS 34 Interim Financial Reporting (“IAS 34”) and reviewed by KPMG LLP in accordance with Singapore Standards on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The independent auditors’ report on these consolidated financial statements did not contain any qualification, modification or disclaimer.

The Unaudited Pro Forma Financial Information of the Group has been prepared using the same accounting policies and methods of computation in the preparation of the audited combined financial statements for the year ended 31 December 2022 and the unaudited condensed combined interim financial statements for the six months ended 30 June 2023.

The Unaudited Pro Forma Financial Information of the Group is expressed in Great British Pound (“GBP”).

The Unaudited Pro Forma Financial Information of the Group for the year ended 31 December 2022 and the six months ended 30 June 2023 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

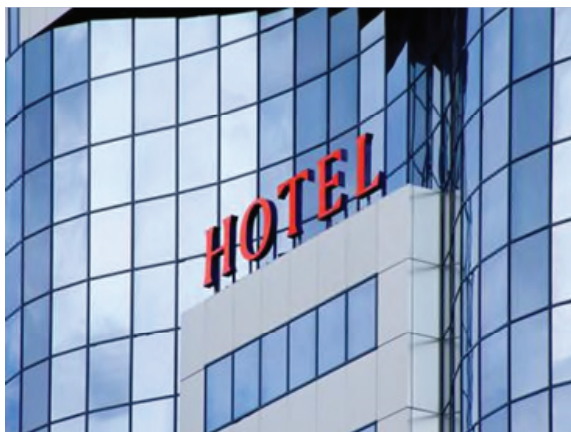
- a) the unaudited pro forma statement of financial positions of the Group as at 31 December 2022 and 30 June 2023 would have been if the Transactions had occurred on 31 December 2022 and 30 June 2023 respectively; and
- b) the unaudited pro forma statements of comprehensive income and unaudited proforma statements of cash flow for the year ended 31 December 2022 and the six months ended 30 June 2023 as if the Transactions had occurred on 1 January 2022.

The Unaudited Pro Forma Financial Information of the Group, because of its nature, may not give a true picture of the actual financial position, results and cash flows of the Group.



SUMMARY VALUATION LETTER

Independent Business Valuation of DTP Infinities Limited and its Subsidiaries in Relation to the Proposed Acquisition



SUBMITTED TO:

Board of Directors
3Cnergy Limited
82 Ubi Avenue 4 #05-04
Edward Boustead Centre
Singapore 408832

Tel: +(65) 6970 8117
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7 December 2023

HVS is the World's Leading Hotel & Resort Consulting, Valuation and Investment Services Group
HVS is the trading name of SG&R Singapore Pte Ltd (Reg. No. 199900143N)

APPENDIX E – SUMMARY VALUATION LETTER



7 December 2023

Board of Directors
3Cnergy Limited
82 Ubi Avenue 4 #05-04
Edward Boustead Centre
Singapore 408832

Dear Sir/Madam

**Re: Independent Business Valuation of DTP
Infinities Limited and its Subsidiaries in
Relation to the Proposed Acquisition –
Summary Valuation Letter**

1. Introduction

HVS has been appointed by the Board of Directors (the “Board”) of 3Cnergy Limited (the “Company”) to undertake an independent business valuation (the “Business Valuation”) of the market value of 100% equity interest (the “Equity Value”) of DTP Infinities Limited (the “Target Company” and together with its subsidiaries (the “Target Group”)) as at 30 June 2023 in connection with the Proposed Acquisition. The Target Group comprises of a portfolio of 17 properties (each a “Property” and collectively the “Properties”) located in United Kingdom and is subject to management by Valor Hospitality Europe Limited (“Valor”) and franchise agreements with Hilton, IHG and Marriott.

HVS understands that the Company and DTP Inter Holdings Corporation Pte. Ltd (the “Seller”) had, on 12 June 2023, entered into a conditional sale and purchase agreement (the “SPA”), pursuant to which the Company shall purchase from the Seller shares representing the entire issued and paid-up ordinary shares in the Target Company to be satisfied by the allotment and issue of new ordinary shares in the capital of the Company (the “Proposed Acquisition”). The Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalyst (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

HVS further understands that the Company has entered into a supplemental agreement to the conditional share purchase agreement on 22 August 2023 and a further supplemental agreement to the conditional share purchase agreement on 25 October 2023 (collectively, the “SPA”). Under the terms of the Supplemental SPA, the consideration for the purchase of the shares representing the entire issued and paid-up ordinary shares in the Target Company (the “Estimated Consideration”) is based on the independent business valuation of the Target Group (before any deductions for net debt) as at 30 June 2023 (the “Updated Valuation”) and deducting the net debt of the Target Group as at 31 July 2023 of GBP 392,788,000 as well as the additional capitalisation to be

APPENDIX E – SUMMARY VALUATION LETTER



undertaken in or around September 2023 of GBP 60,000,000, subject to an adjustment mechanism. Accordingly, HVS has provided its opinion of the Enterprise Value, which for the avoidance of doubt, shall be the Updated Valuation in determining the Estimated Consideration under the terms of the SPA and Supplemental SPA.

The summary valuation letter (the “Letter”) has been prepared for the purpose of disclosure as an appendix to the Company’s circular (the “Circular”) issued in relation to the Proposed Acquisition and is the summary of the information contained in the independent business valuation report dated 7 December 2023 (the “Business Valuation Report”). Accordingly, the Letter should be read in conjunction with the full text of the Business Valuation Report. A list of major assumptions made in the Business Valuation and the limiting conditions under which the Letter is given is detailed in the addendum to this Letter. It is a condition of the use of the Letter that the recipient of the Letter accepts these statements.

2. Terms of Reference

The Business Valuation does not require HVS to express and HVS does not express an opinion on the future prospects nor the future trading potential of the shares and financial condition of the Target Group and/or the Company.

While HVS has reviewed the information provided and held discussions with the management of the Target Group, HVS has not conducted a comprehensive review of the business, operations and financial conditions of the Target Group, nor any work in respect of the viability or tax efficiency of the Target Group’s business.

HVS has not considered or express any opinion on legal, regulatory, accounting or tax matters.

Unless otherwise instructed, HVS does not normally carry out investigations with the various public authorities to confirm that the Properties are not adversely affected by any town planning issues such as change in zoning, land use control, public schemes such as road or drainage reserves and so forth. Neither is HVS in a position to warrant the Properties’ conformance with local zoning regulations. If reassurance is required, HVS recommends that verification be obtained from a qualified legal solicitor.

HVS has not conducted any legal requisition on the land lease/title, town planning control and other related matters and the Business Valuation is made on the basis that the Properties are free of encumbrances, restrictions or other impediments of an onerous nature which would affect the value. It is advisable for interested parties to seek full legal due diligence advice of a qualified legal solicitor prior to making any legal, financial or other commitments.

The Business Valuation is prepared on the assumption that all necessary permits and approvals have been secured (including an appropriate alcohol licence), and that the Properties (and any works thereof) were constructed in accordance with local zoning ordinances, building codes and all other applicable regulations.

APPENDIX E – SUMMARY VALUATION LETTER



HVS has assumed that the Properties have a valid fire certificate, comply with environmental health legislation and hold all other necessary licences for the purposes of their operation. Furthermore, HVS has assumed that there are no outstanding issues in respect of such consents and licences.

HVS has not inspected any of the licences, approvals, consents, permits or certificates relating to the Properties and assumed that all documents are in order.

All information was collected and analysed by HVS. Information such as historical operating statements, site plans, floor plans and so forth was supplied by the Target Group. HVS has assumed that the information provided is accurate and have therefore relied upon it without undertaking any independent verification.

Should it be revealed that any of the information provided is inaccurate or misleading so that its use would affect the Business Valuation, HVS seeks to be informed of such discrepancies and accordingly reserves the right to amend its opinion of value.

3. Use of the Letter

Neither the whole nor any part of the Letter nor any reference thereto maybe included in any document, circular or statement without the written approval of HVS.

The Letter is addressed to, and for the use and benefit of the Board for the purpose as set out above. Any recommendations made by the Board to the shareholders of the Company shall remain the responsibility of the Board.

The information presented in the Letter should not be disseminated to the public or third parties without the express written consent of HVS and no responsibility is given to any third party who may use or rely on the whole or part of the contents of the Letter.

4. Basis of Valuation

The Business Valuation is prepared in accordance with the International Valuation Standards Committee ("IVSC") definition of Market Value, which is:

"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties has each acted knowledgeably, prudently and without compulsion."

The Business Valuation Report is prepared in accordance with the International Valuation Standards ("IVS") as prescribed by the IVSC, Catalist Rules, guidance from the SGX-ST Regulator Column and practice notes from Singapore Accountancy Commission and Institute of Valuers and Appraisers, Singapore including but not limited to PN-001 Minimum Requirements for Performing Valuations and Issuing Business Valuation Reports and PN-002 Minimum Disclosure Requirements for Summary Valuation Letters and any other applicable rules and guidelines from government authorities, regulatory agencies and statutory bodies.

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HVS has assessed the value of the Target Group as an independent business valuer and confirms that its valuers have the required knowledge, expertise and are suitably qualified and authorised to practise as valuers. HVS hereby certifies that HVS and its valuers have no undisclosed interest in the Proposed Acquisition and the employment and compensation of HVS are not contingent upon the findings of the Business Valuation and that the Business Valuation is objective and unbiased.

The approach is also based on the premise of going concern, in accordance with the International Valuation Standards Committee ('IVSC') definition, which is:

"Going concern...serves as a premise under which Valuers and accountants consider a business as an established enterprise that will continue in operation indefinitely."

5. Valuation Methodologies

In appraising real estate for market value, three approaches to value are considered: income, cost, and sales comparison. Basic summaries of each approach are provided as follows:

Income Approach

The income approach analyses a property's ability to generate financial returns as an investment. The appraisal estimates a property's operating cash flow, and the result is utilized in a direct capitalisation technique and a discounted-cash-flow analysis; that is, the Discounted Cash Flow (DCF) analysis. The income approach is often selected as the preferred valuation method for operating properties because it most closely reflects the investment rationale of knowledgeable buyers.

Sales Comparison Approach

The sales comparison approach estimates the value of a property by comparing it to similar properties sold on the open market. To obtain a supportable estimate of value, the sales price of a comparable property must be adjusted to reflect any dissimilarity between it and the property being appraised. The sales comparison approach is most useful in the case of simple forms of real estate such as vacant land and single-family homes, where the properties are homogeneous, and the adjustments are few and relatively simple to compute. In the case of complex investments such as hotels, where the adjustments are numerous and more difficult to quantify, the sales comparison approach loses much of its reliability. The scarcity of similar sales transactions would render this approach less appropriate.

Reconciliation

The final step in the valuation process is the reconciliation and correlation of the value indications. Factors that are considered in assessing the reliability of each approach include the purpose of the appraisal, the nature of the subject properties, and the reliability of the data used. In the reconciliation, the applicability and supportability of each approach are considered, and the range of value indications is examined. The most significant weight is given to the approach that produces the most reliable solution and most closely reflects the criteria used by typical investors.

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Accordingly, HVS has adopted the Income Approach and utilised the Sales Comparison Approach as a cross-check.

6. Key Assumptions

The assessment of value is generally based on the Property's existing use assuming all relevant approvals in place. The Business Valuation includes but is not limited to the property rights which include the freehold interest in the land and the premises, including the furniture, fixtures and equipment (the "FF&E") under different hotel management agreements, planned capital expenditure and proposed asset enhancement initiatives and will not be on the basis of alternative uses or redevelopment exercise thereof.

The Business Valuation has taken into consideration the value resulting from the application of the income approach.

The income approach is based on the premise that the value of the company, division, business or collection of assets can be derived based on the present value of its projected cash flow.

The Business Valuation is based on the existing operations and likely expansion plans of the Target Group and does not take into account any fundamentally different business that the Target Group may pursue in the foreseeable future.

The projections of occupancy, average room rate and indicative cashflows are based on HVS' knowledge and understanding of the market and experience of the operating performance of properties of similar type and standard. The assumptions in respect of future events are HVS' best estimates at the date of preparing the Business Valuation Report. To the extent that any of the assumptions noted in the Business Valuation Report are not realised, the indicative cashflow projections and estimate of value may be materially affected.

The major assumptions used in the five-year forecast of the DCF analysis from 30 June 2023 (the "Effective Date") under the income approach are as follows:

- No major political or economic upheaval that will materially impact domestic or international tourism;
- No major events in the likes of COVID-19 that will disrupt travel and tourism;
- War between Russia and Ukraine to ease which will moderate the escalation of the Properties' utilities costs;
- Forecast period for five-years starting from 1 July 2023 (the "Forecast Period");
- Capital expenditure of approximately GBP57,222,000 is assumed to be incurred between 2nd half 2023 and 2026, for; extensions (such as additional guestrooms, guestrooms refurbishments and spa development), cladding, PIP and unplanned capital expenditure (such as guestroom air-conditioning replacement, lifts and car park resurfacing).
- Based on the hotel valuations of the 17 Properties, the average capitalisation rate (the "Cap Rate") for "As-Is" is 5.8% and the average Cap Rate upon "Stabilised Year" is 5.6%. "As-Is" basis refers to market values of the Properties as at the Effective Date, subject to Management

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Agreement. “Stabilised Year” refers to the subject properties’ market value as of the time the Properties achieve stabilised occupancy;

- As valuations of hotels are based on “going-concern” which is measurement of future expected cashflows and that which is similar to business valuations of such nature, we have adopted the Cap Rate upon “Stabilised Year” of 5.6%. The Cap Rate would have taken into account the relevant risk factors, such as cost of debt, riskiness of cash flow, business environment and size. According to the Office for National Statistics (UK), the long-term inflation for United Kingdom (assuming over a period of five years from 2023) is approximately 2.0%;
- The discount rate adopted is 7.6%, which is the Cap Rate in the “Stabilised Year” of 5.6% adjusted for long-term inflation of 2.0%;
- All contracts entered into by the Target Group will continue to be unchanged throughout the Forecast Period;
- All related party transactions have been conducted on an arm’s length basis and will continue to be so throughout Forecast Period;
- The Target Group holds good and marketable title to the assets in the Properties and that there is no risk that any of the Properties may be subject to compulsory acquisition by any third party or governmental entity; and
- Some equipment may be leased, but any lease contracts would be transferred to the Company pursuant to the Proposed Acquisition.

7. Conclusion

Having regard to all relevant information, the analysis performed as well as HVS’ experience in the hospitality industry, HVS is of the opinion that the independent business valuation of 100% Enterprise Value of the Target Group, which also represents the Updated Valuation under the terms of the SPA and Supplemental SPA in connection with the Proposed Acquisition, subject to the management by Valor and franchise agreements with Hilton, IHG and Marriott and HVS’ comments included in this Business Valuation Report as at 30 June 2023 is:

GBP 601,457,000

(Six Hundred and One Million Four Hundred Fifty-Seven Thousand Great British Pound)

To arrive at the Equity Value as at 30 June 2023, the Enterprise Value is added with cash and cash equivalents of GBP 12,885,000 and reduced by interest bearing debt of GBP 397,063,000 as at 30 June 2023, which results in an Equity Value of:

GBP217,279,000

(Two Hundred and Seventeen Million Two Hundred Seventy-Nine Thousand Great British Pound)

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Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Chee Hok Yean'.

Chee Hok Yean
Managing Partner
MRICS, MSISV
Licensed Appraiser No. AD0412003997F



Addendum 1 – Statement of Assumptions and Limiting Conditions

1. HVS has relied on information given by the Target Company and its representatives and have accepted advice given to us on such matters as land titles, easements, tenure, planning approvals, statutory notices, tenancy schedule, site and floor plans, building plans, floor areas, building design, building costs, and all other relevant matters. HVS has assumed the information provided is correct and has not conducted independent checks to verify them, and no responsibility is assumed or implied by us. Interested parties are advised to seek further due diligence of qualified solicitors, engineers and other professionals as appropriate prior to making any legal, financial or other commitments. Should it be revealed that any information provided is inaccurate or misleading so that its use would affect the valuation, HVS seeks to be informed of such discrepancies and accordingly reserves the right to amend its assessment.
2. The Property including its land titles, use rights and improvements is assumed to be transferable, marketable and free of any deed restrictions, easements, encumbrances or other impediments of an onerous nature that would affect the value of the Property. HVS has not conducted independent checks to verify and likewise advice interested parties to engage qualified solicitors to perform such checks and verifications as appropriate.
3. There are no hidden or unapparent conditions of the Property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for these conditions or any engineering that may be required to discover them. HVS has not considered the existence of potentially hazardous materials used in the construction or maintenance of the buildings, such as asbestos, urea formaldehyde foam insulation, or PCBs. HVS is thus unable to report that the Property is free from risk in this respect and have assumed that any investigation would not reveal the presence of hazardous materials. HVS is not qualified to detect these substances and urge the Target Company to retain an expert in this field if desired. HVS has not investigated whether the site is or has been in the past contaminated and are therefore unable to warrant that the Property is free from any defect or risk in this respect. The Letter is therefore based on the assumption that the land is not contaminated and any specialist investigation would not disclose the presence of any adverse conditions on the site or within the building.
4. In the course of the property inspection, particular investigation has not been made on environmental matters that are either an inherent feature of the Property itself or the surrounding area, which could impact on the property interest. Examples include the historic mining activity or electricity transmission equipment. HVS therefore value on the assumption that the Property is not affected by any such environmental matters.

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5. No cadastral survey of the Property has been made by HVS and no responsibility is assumed in connection with such matters. Sketches, pictures, maps and other exhibits are included to assist the Target Company in visualising the Property. It is assumed that the use of the land and premises is within the boundaries of the Property described and that there is no encroachment or trespass unless noted.
6. The Letter is neither a structural survey nor a survey on the electrical and mechanical services in terms of both hardware and software. HVS therefore value on the assumption that the Property is of sound design and construction, and free from any inherent defect. No detailed inspection or tests have been carried out by us on any of the services or items of equipment; therefore, no warranty can be given with regard to their serviceability, efficiency, safety or adequacy for their purpose. HVS expresses no opinion or advice upon the condition of uninspected parts and the Letter should not be read as making any implied representation or statement about such parts. HVS has assumed that the Property together with the services therein is in a good state of repair and condition and that there are no outstanding items of expenditure required.
7. The Letter is accompanied with corresponding list of assumptions and limiting conditions which states assumptions peculiar and pertinent to Property. Interested parties are advised to read the individual report prior to making any legal, financial or other commitments.
8. HVS has not inspected the Property's city, local and private consents, licences, approvals, permits or certificates for its use and operations. It is assumed that the Property will be in full compliance with all applicable city, local and private codes, laws, consents, licences and regulations (including a fire certificate and relevant alcohol licences where appropriate), and that all licences, permits, certificates, franchises and so forth can be freely renewed and/or transferred to a purchaser. It is advisable for interested parties to seek full legal due diligence advice of a qualified legal solicitor prior to making any legal, financial or other commitments.
9. All mortgages, liens, encumbrances, leases, servitudes, arrears and penalties have been disregarded unless specified otherwise.
10. No portion of this Letter, in whole or in part, or any reference thereto may be reproduced in any form or included in any document, circular or statement without the permission of HVS, nor shall the report be distributed to the public through advertising, public relations, news, sales, or other media without the prior written consent of HVS.
11. HVS is not required to give testimony or attendance in court by reason of this economic and valuation study without previous arrangements and only when standard *per diem* fees and travel costs are paid prior to HVS' appearance.
12. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this Letter, it is recommended that the reader contact HVS.
13. The quality of a property's on-site management has a direct effect on a property's economic viability and market value. The financial forecasts presented in this Letter assume both responsible ownership and

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competent management. Any variance from this assumption may have a significant impact on the forecast operating results.

14. The estimate presented in this Letter is based on an evaluation of the current overall economy of the area and neither take into account nor make provision for the effect of any sharp rise or decline in local or economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the Property, it is expected that the prices of rooms, food, beverages and services will be adjusted to at least offset these advances. HVS does not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of typical investors.
15. Many of the figures presented in this Letter were generated using sophisticated computer models that make calculations based upon numbers carried out to three or more decimal places. In the interest of simplicity, most numbers presented in this report have been rounded. Thus, these figures may be subject to small rounding errors in some cases.
16. HVS' valuation opinion is current as at the Effective Date. It is likely that the value assessed may be subjected to significant and unexpected changes over a relatively short period due to reasons including, but not limited to, the result of general market movements and/or other factors specific to the subject Property. HVS is not liable for any losses arising from any of such subsequent changes in value and neither does HVS accept any liability where its valuation opinion is relied upon after the expiration of six months from the Effective Date. HVS shall not be responsible for any delay to the performance of the valuation exercise, where matters beyond its control cause such delay.
17. Valuation is both a science and an art. Although this valuation employs various mathematical calculations, the final estimate is subjective and may be influenced by the valuer's experience and other factors not specifically set forth in this report.
18. It is assumed that the relationship between the currencies used in this report and other major world currencies remains constant as at the date of HVS' fieldwork.
19. Whilst the information contained herein is believed to be correct, it is subject to change. Nothing contained herein is to be construed as a representation or warranty of any kind.
20. Until the time that all of HVS' professional fees and other charges have been paid in full, the draft or final Letter, which is provided to you as a professional courtesy, remains the intellectual property of HVS and shall not be utilised in attempting to: a) obtain financial capital (whether debt or equity); b) further any litigation, mediation, or arbitration processes; or c) assist the Company or Target Company in any cause, action or endeavour save for the purpose set out in the introduction of the Letter.
21. If HVS has not been paid in full for its outstanding professional fees and other charges, and the draft or final Letter is used in violation of this agreement, HVS will be entitled to seek injunctive relief, monetary damages, and the cost of attorney fees and collection expenses.

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22. It is agreed that the liability of HVS, its employees and anyone else associated with this assignment is limited to the amount of the fee paid as liquidated damages. You acknowledge that any opinions, recommendations and conclusions expressed during this assignment will be rendered by the staff of HVS acting solely as employees and not as individuals. Any responsibility of HVS is limited to the Company, and use of the Letter by third parties shall be solely at the risk of the Company and/or third parties.
23. This valuation has been undertaken by HVS as an independent business valuer.
24. Throughout this report, 'HVS' refers to the trading name of SG&R Singapore Pte Ltd (Registration Number 199900143N).

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7 December 2023

3CENERGY LIMITED

82 Ubi Avenue 4
#05-04 Edward Boustead Centre
Singapore 408832

Attention: The Existing Directors (as defined herein)

Dear Sir / Madam

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE EXISTING DIRECTORS (AS DEFINED HEREIN) OF 3CENERGY LIMITED (THE “COMPANY”) IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION IN CONNECTION WITH THE PROPOSED ALLOTMENT AND ISSUE OF NEW CONSOLIDATED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “CONSIDERATION SHARES”) TO DTP INTER HOLDINGS CORPORATION PTE. LTD. (THE “SELLER”) IN SATISFACTION OF THE PURCHASE CONSIDERATION FOR THE PROPOSED ACQUISITION BY THE COMPANY OF SHARES REPRESENTING THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL (THE “SALE SHARES”) OF DTP INFINITIES LIMITED (THE “TARGET”) FROM THE SELLER (THE “PROPOSED ACQUISITION”)

All capitalised terms in this letter (this “IFA Letter”) which are not defined herein shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 7 December 2023 (the “Circular”).

1. INTRODUCTION

On 12 June 2023 (the “**Announcement Date**”), the Company announced that it has entered into a conditional share purchase agreement dated 12 June 2023 (the “**SPA**”) with the Seller (collectively with the Company, the “**Parties**” and each a “**Party**”), pursuant to which the Company shall purchase from the Seller the Sale Shares for an estimated consideration of S\$389,248,262 (subject to the adjustment mechanisms in the SPA as set out in Section 3.5.2 of the Circular), to be satisfied by the allotment and issue of the Consideration Shares by the Company to the Seller.

On the same date, the Company also entered into a convertible loan agreement dated 12 June 2023 with the Seller (the “**Seller’s Loan Agreement**”) pursuant to which the Seller has agreed to grant an interest free loan facility of an aggregate principal amount of up to S\$2,000,000 (the “**Seller’s Loan**”) in one or more loans, for the purpose solely of payment

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Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805
Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

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of such portions of the professional advisers' costs to be borne by the Seller as set out in the SPA (the "**Agreed Costs**").

On 23 August 2023, the Company announced that it has, on 22 August 2023, entered into a supplemental agreement to the SPA (the "**Supplemental SPA**") and a supplemental agreement to the Seller's Loan Agreement (the "**Supplemental CLA**"), each with the Seller, to revise the terms and conditions of the SPA and Seller's Loan Agreement.

On 26 October 2023, the Company announced that it has, on 25 October 2023, entered into a second supplemental agreement to the SPA (the "**Second Supplemental SPA**") and a second supplemental agreement to the Seller's Loan Agreement (the "**Second Supplemental CLA**"), each with the Seller, to further revise the terms and conditions of the SPA and Seller's Loan Agreement.

The Supplemental SPA, the Supplemental CLA, the Second Supplemental SPA and the Second Supplemental CLA shall be collectively referred herein as the "**Supplemental Agreements**".

Pursuant to the Supplemental Agreements, the following key revisions were made to the SPA and the Seller's Loan Agreement:

- (a) the estimated consideration has been revised from S\$389,248,262 to an amount equal to S\$443,807,420 (the "**Estimated Consideration**"). Please refer to Section 3.5.2 of the Circular and paragraph 3.1.1 of this IFA Letter for further details of Estimated Consideration;
- (b) the original estimated consideration was based on a desktop valuation of the Target and its subsidiaries (the "**Target Group**" which excludes two subsidiaries which will cease to be subsidiaries of the Target Company in accordance with the conditions precedent to the Proposed Acquisition) as at 1 April 2023 and after deducting an estimated net debt of the Target Group as at 30 June 2023. The Company has commissioned and received updated valuation of the Target Group as at 30 June 2023 and the Target Group had also completed the capitalisation of shareholder's loan extended by the Seller to the Target Group aggregating approximately £221,000,000 (the "**Aggregate Loans Capitalisation**") as stated in the SPA (and the Supplemental Agreements before the Latest Practicable Date; and
- (c) the Seller's Loan has been revised from S\$2,000,000 to S\$7,000,000.

As the Proposed Acquisition constitutes a "reverse takeover" pursuant to Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Company is seeking the approval from its

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shareholders (“**Shareholders**”) for the Proposed Acquisition as well as resolutions including, *inter alia*, the following:

- (i) the proposed allotment and issue of the Consideration Shares to the Seller and/or its designated persons (as may be notified by the Seller in writing to the Company) in accordance with the SPA (including the Supplemental Agreements) pursuant to the Proposed Acquisition (the “**Proposed Allotment and Issuance of Consideration Shares**”);
- (ii) the proposed allotment and issue of new ordinary shares in the capital of the Company to the Seller by the Company (the “**Conversion Shares**”) upon the conversion of the Seller’s Loan of up to S\$7,000,000 in accordance with the Seller’s Loan Agreement (including the Supplemental Agreements) (the “**Proposed Allotment and Issuance of Conversion Shares**”);
- (iii) the proposed allotment and issue of new ordinary shares in the capital of the Company to Phileo Capital Limited by the Company (the “**PCL Loan Conversion Shares**”) upon conversion of the PCL Loan (as defined herein) in accordance with the terms of a convertible loan agreement dated 12 June 2023 entered into between the Company and Phileo Capital Limited (the “**PCL Loan Agreement**”), pursuant to which Phileo Capital Limited has agreed to grant an interest free loan of S\$250,000 in aggregate principal amount (the “**PCL Loan**”), for the purpose solely of payment of professionals costs to be borne by the Company pursuant to the terms of the SPA (“**Agreed Costs II**”) (the “**Proposed Allotment and Issuance of PCL Loan Conversion Shares**”);
- (iv) the proposed allotment and issue of new ordinary shares in the capital of the Company to PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) by the Company to PPCF (the “**PPCF Shares**”) to the PPCF upon completion of the Proposed Acquisition (the “**Closing**”) in accordance with PPCF’s terms of engagement (the “**Proposed Allotment and Issuance of PPCF Shares**”);
- (v) the proposed allotment and issue of new ordinary shares in the capital of the Company (the “**Company Placement Shares**”) or the sale of Consideration Shares, to public shareholders (the “**Seller Placement Shares**”), in order to satisfy the public float requirements under the Catalist Rules (the “**Proposed Compliance Placement**”); and
- (vi) the share consolidation exercise to be undertaken by the Company, to consolidated 100 Shares held by entitled Shareholders as at the books closure date to be determined, to one (1) consolidated Share (the “**Consolidated Shares**”), fractional entitlements to be disregarded, prior to the allotment and issue of the Consideration Shares, the Conversion Shares, the PPCF Shares, the Company Placement Shares and the PCL Loan Conversion Shares (the “**Proposed Share Consolidation**”),

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and collectively with the other resolutions proposed at the extraordinary general meeting to be held on 26 December 2023, the **“Proposed Transactions”**.

As at 27 November 2023, being the latest practicable date before the lodgement of the Circular with the SGX-ST (the **“Latest Practicable Date”**), the Seller and its concert parties do not hold any interest in any issued ordinary shares in the capital of the Company (**“Shares”**). Immediately following the completion of the Proposed Transactions, the Seller is expected to hold more than 30% of the enlarged share capital of the Company.

Under Rule 14 of the Singapore Take-over Code on Take-overs and Mergers, as amended, supplemented or modified from time to time (the **“Code”**) and Section 139 of the Securities and Futures Act 2001 of Singapore (**“SFA”**), where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

Accordingly, pursuant to Rule 14 of the Code, the Seller will be required to make a mandatory general offer for the remaining Shares in the Company not held by the Seller and its concert parties, unless waived by the Securities Industry Council (the **“SIC”**).

The SIC had on 19 July 2023 granted the Seller a waiver of the requirement to make a general offer for the Company under Rule 14 of the Code as a result of the allotment and issuance of the Consideration Shares and Conversion Shares to the Seller in connection with the Proposed Acquisition and the Seller’s Loan Agreement (the **“Whitewash Waiver”**), subject to, *inter alia*, (i) the majority of holders of voting rights of the Company who are considered independent under the Code for the purpose of the proposed whitewash resolution (**“Independent Shareholders”**) approves at a general meeting, before the issue of the Consideration Shares and Conversion Shares to the Seller under the Proposed Acquisition and the Seller’s Loan Agreement, the whitewash resolution by way of a poll to waive their rights to receive a general offer from the Seller and parties acting in concert with it (the **“Proposed Whitewash Resolution”**); (ii) the Proposed Whitewash Resolution being separate from the other resolutions proposed at the EGM; and (iii) the Company appoints an independent financial adviser (the **“IFA”**) to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Xandar Capital Pte. Ltd. (**“Xandar Capital”**) has been appointed as the IFA to advise the existing directors of the Company (**“Directors”**) as at the Latest Practicable Date, comprising Mr. Ong Pai Koo@Sylvester, Ms. Lai Ven Li and Ms. Au Foong Yee (the **“Existing Directors”**)

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or “**Recommending Directors**”), all of whom are considered independent under the Code for the purpose of the Proposed Whitewash Resolution, on whether the terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable, and the recommendation to be made by the Existing Directors to the Independent Shareholders in relation to the Proposed Whitewash Resolution.

This IFA Letter, which is prepared pursuant to the Code, sets out our evaluation of, and our opinion to, the Proposed Acquisition and the Proposed Whitewash Resolution, and forms part of the Circular to be issued by the Company in connection with the Proposed Acquisition.

2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to opine on (i) whether the terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable; and (ii) the recommendation to be made by the Existing Directors to the Independent Shareholders in relation to the Proposed Whitewash Resolution.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decisions on the part of the Existing Directors to undertake the Proposed Acquisition. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Acquisition and the Proposed Whitewash Resolution.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Acquisition and the Proposed Whitewash Resolution, or the future performance or prospects of the Company, its subsidiaries and associated companies (the “**Group**”). We are, therefore, not expressing any opinion herein as to the future financial or other performance (including share price performance) of the Company or the Group, whether with or without the Proposed Acquisition and the Proposed Whitewash Resolution.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Acquisition, are solely the responsibility of the Existing Directors. We are also not addressing the relative merits of the Proposed Acquisition, as compared to any alternative transaction of the Group or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Existing Directors and the management of the Group.

In the course of our evaluation and for the purpose of providing our opinion in respect of the Proposed Acquisition and recommendation in respect of the Proposed Whitewash Resolution, we have held discussions with certain Existing Directors, the management of the Group and have examined information provided by the Existing Directors and the management of the Group and other publicly available information collated by us, upon which

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our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

We note that it is a condition precedent to the Closing that the Company shall not have any business nor any residual liabilities relating to all of the existing business carried on by the Company prior to the date of the SPA (the “**Existing Business**”). Pursuant to this condition precedent, the Company announced on 6 July 2023 that the Company entered into separate conditional sale and purchase agreements (collectively, the “**Disposal SPAs**”, and each a “**Disposal SPA**”) with each of Ms Annie Low (Liu Anni) (“**Ms Low**”) and Ms Stella Chai Lu Ming (“**Ms Chai**”) (collectively, the “**Purchasers**”), pursuant to which the Company shall sell, and Ms Low and Ms Chai shall purchase, the entire issued share capital of 3C Property Consultants Pte Ltd (“**3CPC**”) and Orientis Solutions Sdn Bhd (“**OSSB**”), both wholly-owned subsidiaries of the Company, respectively (“**3CPC Shares**” and “**OSSB Shares**”, respectively), free from all encumbrances and together with all rights attaching to them as at the date of completion of the Disposal SPAs (collectively, the “**Proposed Disposal**”). Accordingly, we have not made any independent evaluation and appraisal on the assets and liabilities of the Group.

In connection with the Proposed Acquisition, we have been furnished with a business valuation report dated 7 December 2023 (the “**Business Valuation Report**”) on the Target Group as well as a valuation report dated 7 December 2023 on the 17 properties of the Target Group (the “**Property Valuation Report**”) issued by SG&R Singapore Pte. Ltd. (with trading name of “**HVS**”) (the “**Independent Business Valuer**”). Save for the Business Valuation Report and the Property Valuation Report (collectively, the “**Valuation Reports**”), we have not been furnished with any other independent evaluation or appraisal of the Target Group and/or its assets. We are not experts and do not hold ourselves to be experts in the valuation of the Target Group but have relied upon the Valuation Reports in our analysis. The Valuation Reports are documents available for inspection at the Company’s registered office for a period of six months from the date of the Circular while a summary of the Business Valuation Report is appended as Appendix E to the Circular.

Save for the Valuation Reports and their related summary or certificates, we have not been furnished with any other evaluation or appraisal of the other assets and liabilities of the Target Group.

We have also relied upon the assurance of the Existing Directors and the proposed new board of directors of the Company upon Closing (the “**Proposed New Board**”) as follows:

- (a) the Existing Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (save in respect of information

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relating to the Target Group as well as the Seller and its related corporations from time to time (the “**Seller’s Group**”)) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, (save in respect of information relating to the Target Group and the Seller’s Group) the Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Existing Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular (save in respect of information relating to the Target Group and the Seller) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Existing Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

- (b) the Proposed New Board collectively and individually accept full responsibility for the accuracy of any information given in the Circular relating to the Seller, the Target Group and in connection with the Proposed Transactions (insofar as they relate to the Seller’s Group and the Target Group), and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Transactions (insofar as they relate to the Seller and the Target Group), the Seller, the Target Group and the enlarged group of companies comprising the Company and the Target Group (insofar as they relate to the Target Group), and the Proposed New Board is not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular relating to the Seller and the Target Group has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed New Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Acquisition, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

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Our opinion is for the use and benefit of the Existing Directors in their deliberation of the Proposed Acquisition and the Proposed Whitewash Resolution, and the recommendation made by the Existing Directors shall remain the responsibility of the Existing Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Proposed Acquisition and our recommendation in relation to the Proposed Whitewash Resolution should be considered in the context of the entirety of this IFA Letter and the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Existing Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes other than the Proposed Acquisition and the Proposed Whitewash Resolution at any time and in any manner without our prior written consent.

We recommend that the Existing Directors advise the Independent Shareholders to read these pages carefully.

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3. ABOUT THE PROPOSED ACQUISITION

3.1 THE PRINCIPAL TERMS OF THE SPA (INCLUDING THE SUPPLEMENTAL AGREEMENTS)

The principal terms of the SPA (as revised by the Supplemental Agreements) are set out in Section 3.5 of the Circular. We highlight the following:

3.1.1 The purchase consideration for the Sale Shares

Information relating to the purchase consideration for the Sale Shares is set out in Section 3.5.2 of the Circular.

The Estimated Consideration of S\$443,807,420 was determined as follows:

<u>Components</u>	<u>£</u>	<u>S\$⁽¹⁾</u>
Enterprise value based on the updated valuation of the Target Group (before any deductions for Net Debt ⁽²⁾) as at 30 April 2023	596,500,000	1,002,000,700
Less: Being the estimated Net Debt of the Target Group of £392,297,464 as at 31 July 2023, less S\$100,788,000, being the loan of approximately £60,000,000 capitalised on 1 September 2023	(332,297,464)	(558,193,280)
	<u>264,202,536</u>	<u>443,807,420</u>

Notes:

- (1) Great Britain Pound Sterling amounts are translated at the exchange rate of £1.00 to S\$1.6798, being the closing exchange rate of one (1) Great Britain Pound Sterling (“£” or “GBP”) to Singapore dollar (“S\$”) on 5 June 2023 as extracted from the website of the Monetary Authority of Singapore (the “Exchange Rate”).
- (2) “Net Debt” means all financial debt (including accrued interest, but for the avoidance of doubt excluding finance leases) owing from the Target Group to parties other than the Seller’s Group; plus all financial debt (including accrued interest, but for the avoidance of doubt excluding finance leases) owing from the Target Group to the Seller’s Group; less cash and cash equivalents (including marketable securities) of the Target Group.

The Estimated Consideration shall be adjusted to match the final actual consideration (the “Actual Consideration”) which shall be determined after taking into account the Net Debt of the Target Group as at the last calendar day of the calendar month prior to the date

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on which all of the conditions precedent to the SPA (including the Supplemental Agreements) (the “**Final Net Debt**”) are satisfied or waived, except that no adjustment shall be made if the difference between the Estimated Consideration and the Actual Consideration is less than S\$22,190,371, being 5% of the Estimated Consideration.

We note that the purchase consideration for the Sale Shares comprising the Estimated Consideration and the Actual Consideration was agreed at after arm’s length negotiations and based on a willing-buyer willing-seller basis, taking into account the updated valuation of the Target Group as opined by the Independent Business Valuer, the quality of assets owned by the Target Group, the Aggregate Loans Capitalisation, the market outlook of the hospitality industry, the trend of the Target Group’s financial performance and future business prospects.

3.1.2 The Sale Shares

The Sale Shares refer to the entire issued and paid-up ordinary share capital of the Target Company comprising 1,000 ordinary shares of par value of US\$1.00 each in the share capital of the Target Company as at the date of the SPA and any new ordinary shares in the capital of the Target Company issued to the Seller pursuant to the Aggregate Loans Capitalisation.

3.1.3 The conditions precedent to the SPA (“Conditions Precedent”)

Information relating to the Conditions Precedent is set out in Section 3.5.3 of the Circular. We extract in *italics* as follows:

- “(a) *the results of the due diligence investigations (including inter alia legal, accounting, financial and business due diligence) on the Target Group conducted by the Company and its advisers (including, without limitation, PPCF in its capacity as the Company’s financial adviser in respect of the Proposed Acquisition), in connection with the listing of the Target Group on the Catalist by way of a reverse takeover of the Company, being reasonably satisfactory to the Company;*
- “(b) *the results of the legal, financial and technical due diligence investigations on the Group conducted by the Seller and its advisers, in connection with the listing of the Target Group on the Catalist by way of a reverse takeover of the Company, being reasonably satisfactory to the Seller;*

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- (c) *the approval of the shareholders of the Company:*
- (i) *at an EGM (the “Purchaser’s EGM”) for the following matters being obtained, and such approval not having been withdrawn or revoked as at the Closing Date:*
- (1) *the Proposed Acquisition;*
- (2) *the allotment and issue of (1) the Consideration Shares by the Company to the Seller and/or its designated persons; (2) the Conversion Shares; (3) the PPCF Shares; and (4) the Company Placement Shares;*
- (3) *the appointment of directors in accordance with the terms of the SPA;*
- (4) *the Proposed Whitewash Resolution;*
- ...
- (10) *if required by the Seller, the change of the auditors of the Company; and*
- ...
- (f) *all necessary consents, approvals and written waivers having been obtained by the Seller and the Target Group from all relevant third parties for the Proposed Acquisition (including for change of control, which for the avoidance of doubt in this context refers to the respective meanings given under the relevant document), in such form and on terms (if any) reasonably satisfactory to the Company, and such consents, approvals and written waivers not having been amended or revoked and remaining in full force and effect up to and including the Closing Date, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to the Company;*
- (g) *an unqualified opinion by the IFA in relation to the Proposed Whitewash Resolution;*
- (h) *the grant by the SIC of a waiver (such waiver not having been withdrawn or revoked as at the Closing Date) to the Seller and parties acting in concert with the Seller, of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not held by the Seller and its concert parties, and from having to comply with the requirements of Rule 14 of the Code upon Closing and the allotment and issue of the Consideration Shares and the Conversion Shares to the Seller in accordance with the terms of the SPA, and if such waiver is subject to any condition or restriction*

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imposed by the SIC (other than such conditions set out in Appendix 1 of the Code), such condition and/or restriction being reasonably acceptable to the Seller;

- (i) *SGX-ST Clearance, and such approval not having been withdrawn or revoked, and if such approval is subject to any condition or restriction imposed by the SGX-ST, such condition and/or restriction being reasonably acceptable to the Seller;*
- (j) *completion of the Business Disposal;*
- ...
- (m) *completion of Net Debt Statement; and*
- (n) *(i) completion of the Additional Capitalisation and (ii) the Target Company ceasing, directly or indirectly, to hold any interest in DTP Management Limited and Valor and their respective subsidiaries and other downstream interests.”*

As at the Latest Practicable Date, save for the Conditions Precedent set out in Sections 3.5.3 (c), (j), (k) and (m) of the Circular, all other Conditions Precedent have been fulfilled.

3.1.4 Obligations, warranties, undertakings, claims and liabilities

Information relating to the obligations, warranties, undertakings, claims and liabilities under the SPA is set out in Sections 3.5.5 to 3.5.8 of the Circular. We extract certain obligations, warranties, undertakings, claims and liabilities in *italics* as follows:

(a) The Company's obligations

*“(b) The Company undertakes that, prior to Closing, the Company shall, subject to the terms of the SPA and on terms reasonably satisfactory to the Seller, complete the liquidation or disposal of the Existing Business (“**Business Disposal**”) for cash, including but not limited to:*

- (i) the liquidation of 3Cnergy Sdn Bhd, which the Company shall use best endeavours to complete prior to Closing; and*
- (ii) the disposal for cash of OSSB and 3CPC, and the waiver and release of all liabilities (including contingent liabilities) of the Company to OSSB and 3CPC on or before the completion of such disposal,*

and pay and/or repay all outstanding liabilities (including contingent liabilities) in connection with the Existing Business, such that, as at Closing, the Company shall not have any business nor any residual liabilities relating to the Existing Business or the liquidation or disposal of the Existing Business.

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(b) Qualifications of the Seller's warranties

The warranties and representations given by the Seller in the SPA (the "**Seller's Warranties**") other than those warranties specifically relating to (i) the Seller's due incorporation, authority to enter the SPA, ownership of the Sale Shares, and that the Seller's performance of the SPA will not result in a breach in its constitution or any order of a governmental or regulatory body) as at the date of the SPA; and (ii) matters in connection with the insolvency and winding-up of the Seller and the Target Group Companies as at the date of the SPA and as at Closing (the "**Fundamental Warranties**") are subject to certain qualifications:

- "(b) *The Seller's Warranties are subject to matters which are fairly disclosed in or pursuant to the SPA, the Disclosure Letter, or subject to the terms of the SPA as set out in sub-section (d) below, the Additional Information, provided that such matters are disclosed in sufficient detail to enable the Company to assess the matter concerned and its likely impact on any Target Group Company.*
- (c) *The Seller may, within 50 Business Days from the date of the SPA or, if earlier, the date of issuance by CMS, the legal adviser of the Seller and Target Company as to English Law except in relation to the Facility Agreements, of its final legal due diligence report on the Target Group Companies in relation to the Proposed Acquisition (the "CMS LDDR") (the "Disclosure Cut-Off Date"), provide further documents or information to the Company, including by supplementing the Disclosure Letter and/or by providing to the Company the CMS LDDR, the internal auditor report on the Target Group Companies, and any other due diligence reports and certificates of title to be prepared or provided by the Seller's advisers, in relation to the Proposed Acquisition (the "Additional Information").*
- (d) *The Company shall have a period of 10 Business Days from the Disclosure Cut-Off Date to review the Additional Information ("Review Period"). During the Review Period, if the Additional Information has a Material Adverse Effect, the Company may give notice in writing to the Seller that the Additional Information has a Material Adverse Effect. In the event that the Company does not give such notice to the Seller within the Review Period, the Additional Information shall be deemed to operate as a disclosure made as at the date of the SPA to which the Seller's Warranties are subject, provided that no Additional Information shall operate as a disclosure to, or otherwise qualify, any Fundamental Warranty."*

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(c) Limitation of the Seller's liabilities

The Seller's liability under the SPA is subject to limitations which include the following:

"(a) **Time limitations**

The Seller shall not be liable under the SPA in respect of any claim unless a notice of the claim is given by the Company to the Seller:

- (i) *in the case of any claim under the Fundamental Warranties, within six (6) years following Closing;*
- (ii) *in the case of any claim under the warranties relating to taxes of any Target Group Companies, within four (4) years following Closing; and*
- (iii) *in the case of any other claim, within twenty-four (24) months following Closing.*

(b) **Minimum Claims and Aggregate Minimum Claims**

- (i) *The Seller shall not be liable under the SPA in respect of any individual claim (or a series of claims arising from substantially identical facts or circumstances) where the liability agreed or determined ... in respect of any such claim or series of claims does not exceed 0.1 per cent. of the Actual Consideration. ...*
- (ii) *The Seller shall not be liable under the SPA in respect of any claim unless the aggregate amount of all claims for which the Seller would otherwise be liable under the SPA ... exceeds 0.5 per cent. of the Actual Consideration. ...*

(c) **Maximum liability**

- (i) *The aggregate liability of the Seller in respect of all claims for breaches of the Fundamental Warranties shall not exceed 100 per cent. of the Actual Consideration.*
- (ii) *The aggregate liability of the Seller in respect of all claims for breaches of the warranties relating to taxes of any Target Group Companies, and all other breaches under the SPA shall not exceed 50 per cent. of the Actual Consideration.*
- (iii) *Notwithstanding anything in the SPA, the maximum aggregate liability of the Seller in respect of all claims under the SPA shall not exceed 100 per cent. of the Actual Consideration."*

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3.2 THE TARGET GROUP

3.2.1 About the Target Group

We note from Section 2 of Appendix A to the Circular that the core business focus of the Target Group comprises investing in and managing the operations of hospitality and lodging-related business. As at the Latest Practicable Date, the Target Group owns a portfolio of hospitality assets in the United Kingdom, comprising 17 predominantly upscale hotels located in key regional cities in the United Kingdom, and plans to expand its portfolio following Closing by investing in operational and revenue-generating properties for hospitality or lodging-related uses (such as hotels, serviced apartments, purpose-built student accommodation and workers' dormitories) which may be located anywhere in the world.

3.2.2 The historical financial performance of the Target Group

We summarise the financial results of the Target Group for the last three audited financial years ended 31 December ("FY") 2020, 2021 and 2022, as well as the six months financial period ended 30 June ("1H") 2022 and 2023 (collectively, the "Track Record Period") and calculate the financial results of the Target Group for the last 12 months ended 30 June ("LTM") 2023 as follows:

£'000	Audited FY2020	Audited FY2021	Audited FY2022	Unaudited 1H2022	Unaudited 1H2023	Unaudited LTM2023 ⁽¹⁾
Revenue	44,217	88,149	128,799	57,888	67,947	138,858
Gross profit	17,342	48,438	68,759	30,222	37,305	75,842
(Loss)/Profit before tax	(136,631)	5,570	(45,486)	(10,981)	27,837	(6,668)
(Loss)/Profit for the year/period	(134,804)	5,069	(28,795)	(10,981)	27,837	10,023

Note:

- (1) Calculated by adding the Target Group's audited FY2022 financials to the Target Group's unaudited 1H2023 financials, and subtracting the Target Group's unaudited 1H2022 financials.

We review the results of the Target Group for the Track Record Period as follows:

- (a) the Target Group's revenue improved from approximately £44.22 million in FY2020 to approximately £128.80 million in FY2022, representing a compounded annual

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growth rate of approximately 70.67%. The Target Group's revenue for 1H2023 was also approximately 17.38% higher than its revenue for 1H2022. The improvement in the Target Group's revenue could be mainly attributed to the improvement in the occupancy rates as well as the revenue per available room of its hotels as the hotel industry gradually recovers from COVID-19 pandemic;

- (b) with the higher revenue, the Target Group's gross profit also improved from approximately £17.34 million in FY2020 to approximately £68.76 million in FY2022. The Target Group's gross profit margin also improved from approximately 39.22% in FY2020 to approximately 54.95% in FY2021. The Target Group's gross profit margin decreased slightly to approximately 53.38% in FY2022 and improved marginally to approximately 54.90% in 1H2023. We calculate the Target Group to have gross profit margin of approximately 54.62% for LTM2023;
- (c) while the Target Group reported a profit before tax and profit for the year of more than £5 million in FY2021, we note that this was mainly due to reversal of impairment loss on land and buildings of approximately £38.74 million (net of additional impairment loss on land and buildings for FY2021) in FY2021. Excluding the net effect of such reversal, the Target Group would report loss for the year of approximately £33.67 million for FY2021;
- (d) the Target Group reported loss before tax and loss for the year of approximately £45.49 million and £28.80 million respectively in FY2022 and this was contributed mainly by impairment loss on land and buildings of approximately £31.41 million (net of reversal of impairment loss on land and buildings in FY2022) in FY2022. Excluding the impairment loss on land and buildings, the Target Group would still report loss before tax for FY2022 but would report a profit for the year of approximately £2.61 million for FY2022; and
- (e) while the Target Group reported profit before tax and after tax of approximately £27.84 million for 1H2023, we note that the profit in 1H2023 was mainly due to the reversal of impairment loss on land and buildings of approximately £40.01 million in 1H2023. Excluding such reversal, the Target Group would report a loss of approximately £12.22 million in 1H2023.

As set out above, we calculate that the Target Group to have profit after tax of approximately £10.02 million for LTM2023. Based on the Actual Consideration of approximately £264.20 million, the price-to-earnings ("P/E") ratio implied by the Actual Consideration would be 26.36 times.

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Earnings before interest, tax, depreciation and amortisation (“EBITDA”)

For purposes of our analysis, we also calculate the EBITDA of the Target Group for LTM2023 as follows:

£'000	Audited FY2022	Unaudited 1H2022	Unaudited 1H2023	Unaudited LTM2023 ⁽¹⁾
Profit before tax	(45,486)	(10,981)	27,837	(6,668)
Add: Depreciation	12,676	6,233	6,361	12,804
Add: Finance costs	32,173	14,178	20,691	38,686
Less: Finance income	(11,520)	(36)	(2,880)	(14,364)
EBITDA	(12,157)	9,394	52,009	30,458

Note:

- (1) Calculated by adding the Target Group's audited FY2022 financials to the Target Group's unaudited 1H2023 financials, and subtracting the Target Group's unaudited 1H2022 financials.

As set out in the table above, the Target Group incurred significant finance costs during the Track Record Period and would have positive EBITDA for 1H2022, 1H2023 and LTM2023 after adding back finance costs.

Based on the above, the interest coverage ratio (being EBITDA over finance costs) was a negative 0.38 time, positive 0.66 time, 2.51 times and 0.79 time for FY2022, 1H2022, 1H2023 and LTM2023 respectively.

Earnings before interest, tax, depreciation, amortisation and non-recurring expenditure (“EBITDAE”)

The EBITDAE, which is EBITDA before property impairment losses/reversals and exceptional non-recurring related expenditure, are also set out in Appendices B and C to the Circular. We extract in *italics* as follows:

“The impairment losses/reversals are driven by movements in property revaluations arising from the impact of COVID-19, while exceptional non-recurring related income and

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expenditure includes expenses such as legal and professional fees in respect of acquisition and refinancing and insurance income from business interruption due to COVID-19.”

We set out the EBITDAE as follows:

£'000	Audited FY2022	Unaudited 1H2022	Unaudited 1H2023	Unaudited LTM2023
EBITDA	(12,157)	9,394	52,009	30,458
Add: Impairment loss on land and buildings	33,616	-	-	33,616
Less: Reversal of impairment loss on land and buildings	(2,210)	-	(40,055)	(42,265)
Add: Acquisition related expenditure and inventories written off, net of insurance and dividend income	811	-	-	811
EBITDAE	20,060	9,394	11,954	22,620

As set out in the table above, the Target Group had positive EBITDAE during the Track Record Period.

However, the interest coverage ratio of the Target Group based on the EBITDAE while all positive, would all be below 1 time at 0.62 time, 0.66 time, 0.55 times and 0.57 time for FY2022, 1H2022, 1H2023 and LTM2023 respectively.

3.2.3 The latest available financial position of the Target Group

We summarise the latest available financial position of the Target Group as follows:

£'000	Audited as at 31 December 2022	Unaudited as at 30 June 2023
Current assets	36,212	22,972
Current liabilities	(293,802)	(144,633)
Net current liabilities	(257,590)	(121,661)

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£'000	Audited as at 31 December 2022	Unaudited as at 30 June 2023
Non-current assets	393,098	447,183
Non-current liabilities	(309,915)	(297,466)
Net asset value (" NAV ")	<u>(174,407)</u>	<u>28,056</u>

The Target Group's current assets consist mainly cash and cash equivalents which represented approximately 78.63% and 56.09% of the Target Group's current assets as at 31 December 2022 and 30 June 2023 respectively.

The Target Group's current liabilities consist mainly other payables which include interest bearing loans from its related companies which represented more than 80% and 60% of the Target Group's current liabilities as at 31 December 2022 and 30 June 2023 respectively. We note from Appendices B and C to the Circular that the loans from intermediate holding companies are unsecured, bear fixed interest of 6.95% to 13.25% per annum. On 1 September 2022, the Target Group and its intermediate holding company have mutually agreed to the extension of repayment of loan until December 2024 unless recalled by the intermediate holding company. The extension of repayment of loan from the intermediate holding company bears interest rate of 8.65% per annum.

The Target Group's non-current assets consist mainly its hotel properties which are carried at fair value based on valuation reports.

The Target Group's non-current liabilities consist mainly interest bearing secured bank loans. We note from Appendices B and C to the Circular that these loans and borrowings have nominal interest rate ranging from a fixed rate of between 7.12% and 8.38% per annum to floating rates of between 2.78% and 6.50% above the Sterling Overnight Index Average ("**SONIA**") interest rate. As at the Latest Practicable Date, the SONIA interest rate is 5.188%.

As set out above, the Target Group had negative working capital as at 31 December 2022 and 30 June 2023.

As a result of the negative working capital as at 31 December 2022 and 30 June 2023, the combined financial statements of the Target Group for FY2020, FY2021 and FY2022 set out in Appendix B to the Circular and the combined financial statements of the Target Group for 1H2023 set out in Appendix C to the Circular state that *"the financial statements have been prepared on a going concern basis because, the Directors, having assessed the sources of liquidity and funding available to the Group based on the matters set out below, continue to have a reasonable expectation that the Group will have adequate liquidity to trade and meet*

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its obligations for a period of at least 12 months from the date of approval of these financial statements.”.

As set out in paragraph 1 and 3.1.1 of this IFA Letter, the Target Group had completed the capitalisation of shareholder's loan extended by the Seller to the Target Group of approximately £161,000,000 in June 2023 and capitalised approximately £60,000,000 of shareholder's loan extended by the Seller to the Target Group in September 2023.

Had the total capitalisation of £221,000,000 occurred prior to the balance sheet dates, the Target Group's net liabilities position as at 31 December 2022 and 30 June 2023 will become positive at approximately £46.59 million and £88.06 million respectively.

The Target Group's total loans (comprising secured bank loans, lease liabilities and other payables due to immediate holding company, intermediate holding companies and a related company) of £554.87 million and £397.06 million as at 31 December 2022 and 30 June 2023 respectively will be reduced to £333.87 million and £337.06 million as at 31 December 2022 and 30 June 2023 respectively and the Target Group's gearing ratio would improve from a negative 3.18 times as at 31 December 2022 and 14.15 times as at 30 June 2023 to positive 7.17 times as at 31 December 2022 and 3.83 times as at 30 June 2023 after taking into account the Aggregate Loans Capitalisation.

3.2.4 The historical cash flow of the Target Group

We summarise the cash flow statements of the Target Group for the Track Record Period as follows:

£'000	Audited FY2020	Audited FY2021	Audited FY2022	Unaudited 1H2023
Net cash (used in)/generated from operating activities	(27,168)	12,346	14,162	5,963
Net cash used in investing activities	(2,703)	(4,917)	(19,744)	(4,118)
Net cash generated from/(used in) financing activities	6,232	5,494	11,864	(17,435)

As set out above, the Target Group had positive net cash generated from operating activities for FY2021, FY2022 and 1H2023, although its net cash generated from operating activities were below its finance costs of £29.58 million, £32.17 million and £20.69 million for FY2021, FY2022 and 1H2023 respectively.

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3.3 RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 3.2 of the Circular and we extract in *italics* as follows:

“With the completion of the disposal of 3C Marina and the improved financial position of the Group given its minimum operating costs and absence of any outstanding bank loan commitments, the Company focused on its remaining businesses of integrated property development management and real estate valuation and appraisal services, and continued to look out for new business opportunities to provide the Group with a fresh start or good growth opportunities. The Company’s continued efforts in exploring and evaluating potential opportunities culminated in the Proposed Acquisition which is in line with the Group’s plans to expand and rejuvenate its business through mergers and acquisitions.

While the Company has noted that the Target Group is at a net loss and net liability position as at the financial year ended 31 December 2022 (please refer to Section 7 of the Target’s Letter to Shareholders titled “Selected Financial Information of the Target Group”, for more information on the financial performance and position of the Target Group), the Company considers the Proposed Acquisition to be beneficial to the Group having considered the updated valuation of the Target Group, quality of the assets owned by the Target Group, the Aggregate Loans Capitalisation, the prospects of the hospitality industry and the Target Group’s business. In particular, the Company notes that, as at the Latest Practicable Date, the Target Group owns a portfolio of hospitality assets in the United Kingdom comprising 17 predominantly upscale hotels located in key regional cities in the United Kingdom, offering a total of 3,383 keys, and operating under franchise agreements with selected well-known international brands such as “Crowne Plaza”, “Holiday Inn”, “Hotel Indigo”, “DoubleTree by Hilton”, “Hilton Garden Inn” and “AC Hotel by Marriott”. Separately, as the consideration of the Sale Shares will be based on the updated valuation of the Target Group carried out by the Independent Business Valuer, the Company is of the view that the consideration payable for the Proposed Acquisition will be indicative of the value of the Target’s business.”

3.4 THE ISSUE PRICE OF THE CONSIDERATION SHARES

The issue price of each Consideration Share, which shall be allotted and issued after the completion of the Proposed Share Consolidation, is S\$0.33 (the “**Issue Price**”) was arrived at after negotiations were conducted on an arm’s length basis taking into account, *inter alia*, an agreed valuation between the Company and the Seller.

3.5 THE CONSIDERATION SHARES

Based on the Estimated Consideration and the Issue Price, the Seller will be allotted and issued 1,344,870,969 Consideration Shares, representing approximately 4,384.90% of the existing share capital of the Company upon completion of the Proposed Share Consolidation.

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The Consideration Shares, when allotted and issued to the Seller and/or its designated persons, shall be free from encumbrances and shall rank *pari passu* in all respects with the Consolidated Shares as at the date of issuance of the Consideration Shares.

4. THE SELLER'S LOAN AGREEMENT

As set out in paragraph 1 of this IFA Letter and Section 9.2 of the Circular, the Whitewash Waiver granted by the SIC is for both allotment and issue of Consideration Shares as well as Conversion Shares to the Seller in connection with the Proposed Acquisition and the Seller's Loan Agreement.

Details of the Seller's Loan Agreement can be found in Sections 3.1 and 3.5.4 of the Circular. We summarise the terms of the Seller's Loan Agreement (including its Supplemental Agreements) as follows:

Date of agreement	12 June 2023, as supplemented on 22 August 2023 and 25 October 2023
Subject of agreement	Interest free loan facility in one or more loans
Principal	Up to S\$7,000,000 in aggregate
Interest	Interest free
Use of proceeds	Solely of payment of such portions of the professional advisers' costs and operating expenses or fees incurred by the Company to be borne by the Seller as set out in the SPA
Tenure	From the date of the SPA to and including the seventh Business Day after the Closing Date
Repayment	Amount utilised by the Company in accordance with the terms of the SPA within the tenure shall be fully repaid with the allotment and issue of Conversion Shares to the Seller Amount not utilised by the Company in accordance with the terms of the SPA within the tenure shall be automatically cancelled
Number of Conversion Shares	Up to 21,212,121 new ordinary shares

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Issue price of the Conversion Shares	Same as the issue price of the Consideration Shares at S\$0.33 for each Conversion Share and a post-Share Consolidation basis
Security	No security

5. THE PROPOSED WHITEWASH RESOLUTION

5.1 ABOUT THE SELLER

Information on the Seller is set out in Section 3.3 of the Circular and Section 3.3.1 of Appendix A to the Circular, and we summarise as follows:

- (a) the Seller is a company limited by shares incorporated in Singapore with its principal business being investment holding;
- (b) the Seller is a wholly-owned subsidiary of DTGO Prosperous Limited (“DTP”), a global investment company incorporated in Thailand. DTP is part of the group of companies under DTGO Corporation Limited (“DTGO” and collectively with its subsidiaries (the “DTGO Group”). DTGO Group has business operations across several commercial sectors (which comprise, amongst others, hospitality businesses and services, as well as property development and its related businesses including commercial and retail buildings) alongside its non-profit initiatives in education, healthcare and the environment; and
- (c) the ultimate beneficial majority shareholder of the DTGO Group is Mrs. Thippaporn Ahriyavraromp who is also the chief executive officer of DTGO Group.

As at the Latest Practicable Date, the Seller and its concert parties do not hold any Shares. Immediately following the Closing of the SPA and the Proposed Transactions, the Seller will be a major Shareholder, holding more than 50% interest in the capital of the Company.

5.2 SHAREHOLDING OF THE SELLER AND ITS CONCERT PARTIES BEFORE AND AFTER THE PROPOSED TRANSACTIONS

As set out in Section 15.5 of the Circular, the allotment and issue of the Consideration Shares and the Conversion Shares will result in the Seller holding more than 30% interest in the enlarged share capital of the Company, thereby incurring an obligation to make a mandatory general offer for the Shares not already owned or controlled by the Seller and its concert parties pursuant to Rule 14.1 of the Code, unless such obligation is waived by the SIC and the Proposed Whitewash Resolution is approved by the Independent Shareholders at the EGM.

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5.2.1 Before and after the Proposed Acquisition

We set out the interest of the Seller in the share capital of the Company before and after the Proposed Acquisition as follows:

	As at the Latest Practicable Date		After completion of the Proposed Share Consolidation		Upon allotment and issue of the Consideration Shares ⁽¹⁾	
	Shares	% of share capital	Shares	% of share capital	Shares	% of share capital
The Seller	NIL	NIL	NIL	NIL	1,344,870,969	97.77
Existing Shareholders	3,067,053,978	100.00	30,670,537 ⁽²⁾	100.00	30,670,537	2.23
Total	3,067,053,978	100.00	30,670,537	100.00	1,375,541,506	100.00

Notes:

- (1) Before allotment and issue of the Conversion Shares, the PCL Loan Conversion Shares, the PPCF Shares and the Company Placement Shares, if any.
- (2) Figures subject to change as fractional entitlements of Shareholders will be disregarded for the Proposed Share Consolidation.

5.2.2 After the Proposed Transactions

The Company will also be allotting and issuing Conversion Shares, PCL Loan Conversion Shares and PPCF Shares, and may be issuing Company Placement Shares under the Proposed Compliance Placement. The changes to the shareholding of the Seller arising from such allotment and issue of new shares are as follows:

	Upon allotment and issue of the Consideration Shares		Upon allotment and issue of the Conversion Shares, PCL Loan Conversion Shares and the PPCF Shares ⁽¹⁾		Upon allotment and issue of the Company Placement Shares ⁽²⁾	
	Shares	% of share capital	Shares	% of share capital	Shares	% of share capital
The Seller	1,344,870,969	97.77	1,366,083,090	97.61	1,366,083,090	84.82
Existing Shareholders	30,670,537	2.23	31,428,112 ⁽¹⁾	2.25	31,428,112	1.95
PPCF	NIL	NIL	1,970,000	0.14	1,970,000	0.12

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	Upon allotment and issue of the Consideration Shares		Upon allotment and issue of the Conversion Shares, PCL Loan Conversion Shares and the PPCF Shares ⁽¹⁾		Upon allotment and issue of the Company Placement Shares ⁽²⁾	
	Shares	% of share capital	Shares	% of share capital	Shares	% of share capital
New public shareholders	NIL	NIL	NIL	NIL	211,000,000	13.10
Total	1,375,541,506	100.00	1,399,481,202	100.00	1,610,481,202	100.00

Notes:

- (1) Assuming that the maximum number of Conversion Shares and the PCL Loan Conversion Shares will be allotted and issued.

Based on the Seller's Loan of S\$7,000,000 and the Issue Price, 21,212,121 Conversion Shares will be allotted and issued to the Seller, fractional Conversion Share disregarded.

Based on the PCL Loan of S\$250,000 and the Issue Price, 757,575 PCL Loan Conversion Shares will be allotted and issued to Phileo Capital Limited, fractional PCL Loan Conversion Share disregarded.

- (2) Assuming that the Company allots and issue Company Placement Shares instead of the Seller selling the Seller Placement Shares for the Proposed Compliance Placement.

5.3 CONDITIONS OF THE WHITEWASH WAIVER

The SIC had on 19 July 2023 granted the Whitewash Waiver subject to the satisfaction certain conditions including, *inter alia*, the majority of Independent Shareholders approving at the EGM the Proposed Whitewash Resolution by voting on a poll and the Company having appointed the IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Further details of the conditions of the Whitewash Waiver are set out in Section 9.2 of the Circular.

5.4 PROPOSED WHITEWASH RESOLUTION SUBJECT TO APPROVAL BY MAJORITY OF THE INDEPENDENT SHAREHOLDERS

The Proposed Whitewash Resolution is subject to the approval of majority of the Independent Shareholders, which shall be carried out by way of poll, as an ordinary resolution in the EGM. Independent Shareholders should also note Section 9.3 of the

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Circular on the implications of the Proposed Whitewash Resolution as extracted and set out in *italics* as follows:

“Independent Shareholders should note that:

- (a) their approval of the Proposed Whitewash Resolution is a condition precedent to Closing pursuant to the terms of the SPA, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;***
- (b) the allotment and issuance of the Consideration Shares and the Conversion Shares will result in the Seller holding Shares carrying over 49.0% of the voting rights of the Company, and the Seller and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and***
- (c) by voting in favour of the Proposed Whitewash Resolution, Independent Shareholders are waiving their rights to receive a general offer from the Seller and parties acting in concert with it at the highest price paid by them in the past six (6) months preceding the date of the Announcement.***

Shareholders should note that the Proposed Acquisition is conditional upon the approval for the Proposed Whitewash Resolution, and hence the Proposed Acquisition will not be completed in the event that the Proposed Whitewash Resolution is not approved. Shareholders should also note Section 1.3 of this Circular titled “Inter-conditionality of Resolutions” on the inter-conditionality of the relevant resolutions contained in the Notice of EGM.”

6. EVALUATION OF THE PROPOSED ACQUISITION

The following are factors which we consider to be pertinent and to have a significant bearing on our evaluation of the Proposed Acquisition:

- (a) the purchase consideration for the Target Group;
- (b) the valuation statistics of the Target Group as compared to the valuation statistics of companies comparable to the Target Group and are listed on the SGX-ST;
- (c) the Issue Price;
- (d) the financial effects of the Proposed Acquisition; and
- (e) other considerations.

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These factors are discussed in greater detail in the ensuing paragraphs.

6.1 THE PURCHASE CONSIDERATION FOR THE TARGET GROUP

6.1.1 THE PURCHASE CONSIDERATION VERSUS THE VALUATION OF THE TARGET GROUP AS OPINED BY THE INDEPENDENT BUSINESS VALUER

Business Valuation Report

The Group commissioned the Independent Business Valuer to determine the market value of 100% equity interest of the Target Company as at 30 June 2023. The Business Valuation Report is a document available for inspection at the Company's registered office for a period of six months from the date of the Circular while a summary of the Business Valuation Report is appended as Appendix E to the Circular.

We extract the key information in the Business Valuation Report and set out in *italics* as follows:

Date of valuation	30 June 2023.
Standards of valuation	<i>The Business Valuation is prepared in accordance with the International Valuation Standards Committee ('IVSC') definition of Market Value, which is: "The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion."</i>

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<p>Major assumptions regarding the underlying assets of the Target Group</p>	<p><i>Our assessment of value is generally based on the Property's existing use assuming all relevant approvals in place. Unless otherwise instructed, the value includes but is not limited to the property rights which include the freehold interest in the land and the premises, including the FF&E under different hotel management agreements, planned capital expenditure and proposed asset enhancement initiatives and will not be on the basis of alternative uses or redevelopment exercise thereof.</i></p> <p>We also extract the following:</p> <ul style="list-style-type: none"><i>We understand from the Target Company that there is an approximate total amount of GBP57,222,000 for extensions, claddings, PIP and unplanned capital expenditure.</i><i>Our estimates for the occupancy and average rate for fiscal years starting 1 July 2023;</i><i>As valuations of hotels are based on "going-concern" which is measurement of future expected cashflows and that which is similar to business valuations, we have adopted the Cap Rate similar to property valuation; ie upon "Stabilised Year" of 5.6%.</i><i>Based on the hotel valuations of the 17 Properties, the average Cap Rate for "As -is" is 5.8% and the average Cap Rate upon "Stabilised Year" is 5.6%. "As-is" basis refers to Property Valuation of the Properties as at the Effective Date, taking into account the planned capital expenditure and deducted capital expenditure based on the information provided by the Target Company. "Stabilised Year" refers to the Property's market value as of the time the Property achieves stabilised occupancy.</i>
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<p>Information relating to the underlying financial information applied in the business valuation</p>	<p><i>All information was collected and analysed by the staff of HVS. Information such as historical operating statements, site plans, floor plans and so forth was supplied by the Target Company. We have assumed that this information provided is accurate and have therefore relied upon it without undertaking any independent verification.</i></p> <p><i>The projections of occupancy, average room rate and indicative cashflows are based on our knowledge and understanding of the market and experience of the operating performance of properties of similar type and standard. The assumptions in respect of future events are our best estimates at the Effective Date. To the extent that any of the assumptions noted in our Business Valuation Report are not realised, the indicative cashflow projections and estimate of value may be materially affected.</i></p>
<p>Valuation approach</p>	<p><i>The Business Valuation has taken into consideration the value resulting from the application of the income capitalisation approach.</i></p> <p><i>The approach is based on the premise that the value of the company, division, business, or collection of assets can be derived based on the present value of its projected cash flow.</i></p> <p><i>The Business Valuation is based on the existing operations and likely expansion plans of the Target Group and does not take into account any fundamentally different business that the management may pursue in the foreseeable future.</i></p>

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Valuation	<p><i>Having regard to all relevant information, the analysis performed as well as HVS' experience in the hospitality industry, HVS is of the opinion that the independent business valuation of 100% Enterprise Value of the Target Group, which also represents the Updated Valuation under the terms of the SPA and Supplemental SPA in connection with the Proposed Acquisition, subject to the management by Valor and franchise agreements with Hilton, IHG and Marriott and HVS' comments included in this Business Valuation Report as at 30 June 2023 is:</i></p> <p style="text-align: center;">GBP 601,457,000</p> <p style="text-align: center;">(Six Hundred and One Million Four Hundred Fifty-Seven Thousand Great British Pound)</p> <p><i>To arrive at the Equity Value as at 30 June 2023, the Enterprise Value is added with cash and cash equivalents of GBP 12,885,000 and reduced by interest bearing debt of GBP 397,063,000 as at 30 June 2023, which results in an Equity Value of:</i></p> <p style="text-align: center;">GBP 217,279,000</p> <p style="text-align: center;">(Two Hundred and Seventeen Million Two Hundred Seventy-Nine Thousand Great British Pound)</p>
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Shareholders may wish to note that the above valuation was based on full capital expenditure of GBP 57,222,000 assumed to be incurred between second half of 2023 and 2026. The Independent Business Valuer has also prepared a valuation which excludes discretionary capital expenditure (such as additional guestrooms, guestrooms refurbishments and spa development) of GBP 18,316,000 between 2024 to 2026. Under such scenario, the enterprise value of the Target Group would be lower at GBP 578,652,000 and the corresponding equity value of the Target Group as at 30 June 2023 would be GBP 194,474,000.

Property Valuation Report

The Independent Business Valuer was also commissioned to perform valuation on the 17 hotel properties of the Target Group. The Property Valuation Report is a document available for inspection at the Company's registered office for a period of six months from the date of the Circular.

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We extract the key information from the Property Valuation Report and set out in *italics* as follows:

Date of valuation	<i>The Effective Date, for the “As Is” valuation, is 30 June 2023, which provides an indication of Market Value for each of the properties on an “As Is” basis;</i>
Subject of the valuation	<p><i>The subject of the Valuation Report is the freehold, virtual freehold (over 200 years) and long leasehold interests in the in the Target Group’s portfolio of 17 hotels.</i></p> <p>The 17 hotel properties of the Target Group are as follows:</p> <ol style="list-style-type: none"> 1. AC Hotel by Marriott Birmingham 2. AC Hotel by Marriott Salford Quays 3. Crowne Plaza Chester 4. Crowne Plaza Glasgow 5. Crowne Plaza Harrogate 6. Crowne Plaza Nottingham 7. Crowne Plaza Plymouth 8. Crowne Plaza Solihull 9. Crowne Plaza Stratford-upon-Avon 10. DoubleTree by Hilton Hotel & Spa Chester 11. DoubleTree by Hilton Leeds 12. DoubleTree by Hilton Manchester-Piccadilly 13. Hilton Garden Inn Birmingham Brindley Place 14. Hilton Garden Inn Bristol City Centre 15. Hilton Garden Inn Glasgow City Centre 16. Holiday Inn Peterborough West 17. Hotel Indigo Liverpool
Valuation approach	<i>The Properties have been valued using the income approach by means of a discounted cash flow analysis. The income approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits.</i>

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Parameters applied in the five (5) years discounted cash flow approach	<p><i>We have also provided an indication of Market Value of the Properties “As Stabilised”, as at 30 June 2026, at which point all the planned refurbishment and extension works are expected to have been completed;</i></p> <p><i>We have projected income and expense for the Properties in fiscal years, starting on 30 June 2023. Our projections take into consideration the latest 2023 reforecasts and budgets. ...</i></p> <p>...</p> <p><i>We have assumed the capital reductions for works to be funded by the owner’s capital and not the furniture, fixtures and equipment (“FF&E”) reserves;</i></p>
Valuation	Based on the above, the Independent Business Valuer arrive at the aggregate market value (net of capital expenditure) of the 17 hotel properties to be £546,200,000 on 30 June 2023 and £709,800,000 on a “As Stabilised” basis as at 30 June 2026.

The Estimated Consideration versus the valuation of the Target Group

The Company is acquiring the Target Group based on the updated valuation as at 30 June 2023 and after deducting the Net Debt as at the last calendar day of the calendar month prior to the date on which all of the Conditions Precedent (excluding the completion of the Business Disposal, completion of the Proposed Compliance Placement and completion of the statement of Net Debt) are satisfied or waived.

Based on the equity value of GBP 217,279,000 for the Target Group as at 30 June 2023 (which was derived by the Independent Business Valuer based on the valuation as at 30 June 2023, the Net Debt as at 30 June 2023 and the full capital expenditure of GBP 57,222,000), the adjusted equity value of the Target Group after adding the loan from the Seller to the Target Group of approximately GBP 60,000,000 capitalised in September 2023 would be GBP 277,279,000. This is approximately 4.95% (or GBP 13,076,464, equivalent to S\$21,965,844 based on the Exchange Rate) higher than the Estimated Consideration of approximately GBP 264,202,536, representing a price to valuation ratio of approximately 0.95 times.

Based on the equity value of GBP 194,474,000 for the Target Group as at 30 June 2023 (which was derived by the Independent Business Valuer based on the valuation as at 30 June 2023, the Net Debt as at 30 June 2023 and without discretionary capital expenditure of GBP 18,316,000), the adjusted equity value of the Target Group after adding the loan from the Seller to the Target Group of approximately GBP 60,000,000 capitalised in September 2023 would be GBP 254,474,000. This is approximately 3.68% (or GBP 9,728,536,

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equivalent to S\$16,341,995) lower than the Estimated Consideration of approximately GBP 264,202,536, representing a price to valuation ratio of approximately 1.04 times.

If the Net Debt of the Target Group remains largely unchanged as at the last calendar day of the calendar month prior to the date on which all of the Conditions Precedent (excluding the completion of the Business Disposal, completion of the Proposed Compliance Placement and completion of the statement of Net Debt) are satisfied or waived, the difference between the Estimated Consideration and the final Actual Consideration (based on the valuation as at 30 June 2023 with full capital expenditure or without discretionary capital expenditure) would be less than S\$22,190,371 (being 5% of the Estimated Consideration) and no adjustment will be made to the Estimated Consideration.

6.1.2 The Actual Consideration versus the NAV of the Target Group

As set out in paragraph 3.2.3 of this IFA Letter, with the Aggregate Loans Capitalisation of approximately £221,000,000 (including the £60,000,000 capitalised in September 2023), the Target Group would have positive NAV of approximately £88.06 million as at 30 June 2023.

The Estimated Consideration represents a price to NAV (“P/NAV”) ratio of 3.0 times.

6.1.3 The historical performance of the Target Group

As set out in paragraph 3.2.2 of this IFA Letter, the revenue of the Target Group had improved over the Track Record Period. We highlight the information we note from the Properties Valuation Report as follows:

Hotels	Number of rooms	Occupancy rate for the 12 months ended 30 June 2023
AC Hotel by Marriott Birmingham	90	82.5%
AC Hotel by Marriott Salford Quays	142	80.7%
Crowne Plaza Chester	160	85.8%
Crowne Plaza Glasgow	283	74.6%
Crowne Plaza Harrogate	214	83.8%
Crowne Plaza Nottingham	210	83.0%
Crowne Plaza Plymouth	211	85.1%
Crowne Plaza Solihull	120	84.9%
Crowne Plaza Stratford-upon-Avon	259	74.6%

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Hotels	Number of rooms	Occupancy rate for the 12 months ended 30 June 2023
DoubleTree by Hilton Hotel & Spa Chester	219	85.3%
DoubleTree by Hilton Leeds	333	75.7%
DoubleTree by Hilton Manchester-Piccadilly	285	89.8%
Hilton Garden Inn Birmingham Brindley Place	238	78.7%
Hilton Garden Inn Bristol City Centre	171	80.4%
Hilton Garden Inn Glasgow City Centre	164	76.6%
Holiday Inn Peterborough West	133	78.2%
Hotel Indigo Liverpool	151	80.8%

As at 30 June 2023, the Target Group had, in aggregate, 3,383 hotel rooms.

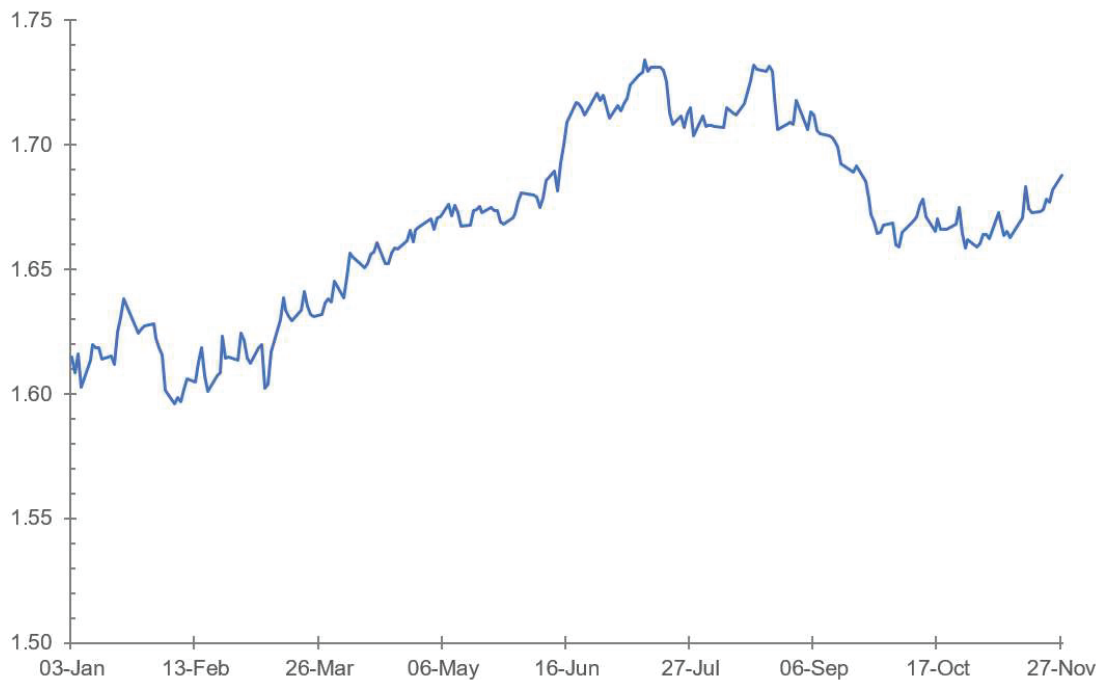
As set out above, the 17 hotel properties of the Target Group had relatively high occupancy rates ranging between 74.6% and 89.8% for the last twelve months ended 30 June 2023. We calculate the Target Group's average occupancy rate of the last twelve months ended 30 June 2023 to be 81.2%.

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6.1.4 The SGD exchange rates for GBP

Given that the functional currency of the Group is GBP, we also review the recent fluctuation of SGD against GBP 1.00 as follows:



Source: Monetary Authority of Singapore

As set out in the chart above, the GBP had generally strengthened against S\$ for the period from January 2023 to August 2023. It had weakened for the period from August 2023 to October 2023 and stabilised between GBP 1.00 to S\$1.6622 and S\$1.6877 for the period from 1 November 2023 to the Latest Practicable Date.

As at the Latest Practicable Date, £1.00 was equivalent to S\$1.6877, about 4.52% higher as compared to S\$1.6147 as at 3 January 2023 and about 0.47% higher as compared to the Exchange Rate of S\$1.6798. This means that the Estimated Consideration may be slightly higher by 0.47% had the Estimated Consideration be translated to SGD at the exchange rate as at the Latest Practicable Date. There is however, no assurance that the GBP would strengthen or maintain at the exchange rate as at the Latest Practicable Date.

Further, as the operations of the Target Group are entirely located in the United Kingdom, the Target Group's operational revenue, debts and expenses are denominated in GBP.

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Accordingly, there will be minimal impact to the bottom line of the Target Group arising from currency fluctuations between GBP and S\$.

6.1.5 The earnings ratio of the Target Group

As set out in paragraph 3.2.2 of this IFA Letter, we calculate that the Target Group will have a profit of approximately £10.02 million for LTM2023 with a P/E ratio of 26.36 times.

We have also calculated the EBITDA and the EBITDAE of the Target Group in paragraph 3.2.2 of this IFA Letter.

The Aggregate Loans Capitalisation will not increase the cash and cash equivalents of the Group. Assuming there is no material change to the cash and cash equivalents balances of the Target Group between 30 June 2023 and the date of completion of the Proposed Acquisition, the enterprise value (“EV”) determined by the Independent Business Valuer of £601,457,000 as at 30 June 2023 would remain the same as at the date of completion of the Proposed Acquisition.

With this EV, we calculate the EV to EBITDA (“EV/EBITDA”) ratio and EV to EBITDAE (“EV/EBITDAE”) ratio of the Target Group to be as follows:

EV of the Target Group (£'000)	601,457	
EBITDA (£'000) for LTM2023	30,458	
EBITDAE (£'000) for LTM2023		22,620
EV/EBITDA ratio (times)	19.75	
EV/EBITDAE ratio (times)		26.59

6.2 THE VALUATION STATISTICS OF THE TARGET GROUP AS COMPARED TO THE VALUATION STATISTICS OF COMPANIES COMPARABLE TO THE TARGET GROUP AND ARE LISTED ON THE SGX-ST

In assessing the Actual Consideration, we have also made comparison to listed companies with business similar to the Target Group, principally the operation of hotels (the “**Selected Comparable Companies**”). For a more meaningful comparison, we have shortlisted companies with market capitalisation above S\$100 million and generated more than 50% of its revenue from hotel operations for its latest completed financial year or the last twelve months financial period.

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We wish to highlight that the list of the Selected Comparable Companies is not exhaustive and none of the Selected Comparable Companies is identical to the Target Group in terms of hotel portfolio, scale of operations, geographical markets, asset base, risk profile, track record, future prospects and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies. Our analysis has not adjusted for such differences. In view of the above, it should be noted that any comparison made with respect to the Selected Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Target Group as at the Latest Practicable Date.

The following ratios are applied in our analysis:

Valuation ratio	General description
P/E	P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
EV/EBITDA	EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
EV/EBITDAE	We have also calculated the EV/EBITDAE ratios of the Selected Comparable Companies by taking out impairment losses/reversals of land and buildings (or equivalent items) and exceptional non-recurring related income and expenditure of the Selected Comparable Companies.
P/NAV	P/NAV ratio illustrates the ratio of the market price of a company's share relative to its asset backing as measured in terms of its historical consolidated net asset value (" NAV ") per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

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The Selected Comparable Companies are as follows:

Selected Comparable Companies	Description	Market capitalisation ⁽¹⁾ (S\$'million)
Banyan Tree Holdings Limited (“ Banyan Tree ”)	Banyan Tree operates as a holding company. Banyan Tree, through its subsidiaries, owns and manages hotel groups. Banyan Tree focuses on hotels, resorts, spas, galleries, golf courses, and residences, as well as provides investments, design, construction, and project management services. Banyan Tree serves customers worldwide.	325.15
Bonvests Holdings Limited (“ Bonvest ”)	Bonvests is an investment holding company whose subsidiaries develop real estate and operate waste collection and disposal, and contract cleaning. Bonvests also develops and operates hotels locally and overseas, as well as operates food and beverage restaurants. Bonvests trades securities and rents properties.	409.55
Hiap Hoe Limited (“ Hiap Hoe ”)	Hiap Hoe is an integrated property developer. Hiap Hoe develops luxury and mid-tier residential properties. Hiap Hoe also seeks out civil engineering and construction contracts but its main focus is developing its own residential properties.	310.57
Hotel Grand Central Limited (“ Hotel Grand ”)	Hotel Grand owns, operates, and manages hotels. Hotel Grand also collects rent, develops properties, and provides marketing and support services.	591.54
Hotel Properties Limited (“ Hotel Properties ”)	Hotel Properties, through its subsidiaries, operates and manages hotels. Hotel Properties also operates restaurants and retails and distributes food and fashion merchandise. In addition, Hotel Properties trades shares, develops and invests in properties, hotels, and resorts.	1,877.00

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Selected Comparable Companies	Description	Market capitalisation ⁽¹⁾ (S\$'million)
Hotel Royal Limited ("Hotel Royal")	Hotel Royal owns and operates the Hotel Royal in Singapore. Hotel Royal, through its subsidiaries, also manages and invests in properties in Malaysia and New Zealand.	232.24
Mandarin Oriental International Limited ("Mandarin Oriental")	Mandarin Oriental is an owner and operator of luxury hotels, resorts, and residences. Mandarin Oriental group now operates, or has under development, hotels in the Americas, Europe, Middle East, and North Africa.	2,872.68
Stamford Land Corporation Limited ("Stamford Land")	Stamford Land is an investment holding company. Stamford Land owns and manages hotels and travel agencies. Stamford Land also develops and invests in properties.	582.17

Source: Bloomberg L.P.

Note:

- (1) As at the Latest Practicable Date.
- (2) Based on Bloomberg's exchange rate of US\$1.00 to S\$1.3372 on the Latest Practicable Date.

We set out in the table below the ratios of the Selected Comparable Companies based on their latest announced last twelve months financial information and their closing prices as at the Latest Practicable Date:

	Net profit/(loss) (S\$'million) ⁽¹⁾	P/E ratio ⁽¹⁾ (times)	EV/EBITDA ratio ⁽¹⁾ (times)	EV/EBITDA E ratio (times)	P/NAV ratio ⁽²⁾ (times)
Banyan Tree	1.23	263.49 ⁽³⁾	20.45	23.50	0.67
Bonvests	14.70	27.86	11.93	14.00	0.49
Hiap Hoe	(19.25)	Negative ⁽³⁾	22.94	25.53	0.43
Hotel Grand	5.88	100.59 ⁽³⁾	11.724	11.63	0.44
Hotel Properties	57.31	32.75	17.35	28.31	1.16

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	Net profit/(loss) (S\$'million) ⁽¹⁾	P/E ratio ⁽¹⁾ (times)	EV/EBITDA ratio ⁽¹⁾ (times)	EV/EBITDA E ratio (times)	P/NAV ratio ⁽²⁾ (times)
Hotel Royal	2.38	97.75 ⁽³⁾	19.78	21.27	0.37
Mandarin Oriental	(100.40)	Negative ⁽³⁾	Negative ⁽³⁾	20.33	0.66
Stamford Land	195.57	2.98	2.87 ⁽³⁾	Negative ⁽³⁾	0.69
Maximum		263.49	22.94	28.31	1.16
Minimum		2.98	2.87	11.63	0.37
Mean		21.19 ⁽³⁾	15.29 ⁽³⁾	20.65	0.62
Median		27.86 ⁽³⁾	17.35 ⁽³⁾	21.27	0.57
The Target Group	10.02	26.36 ⁽⁴⁾	19.75 ⁽⁴⁾	26.59	3.00 ⁽⁵⁾
The Target Group (based on Estimated Consideration)	10.02	26.36 ⁽⁴⁾	19.75 ⁽⁴⁾	26.59	0.95 - 1.04 ⁽⁶⁾

Source: Bloomberg L.P.

Notes:

- (1) Based on latest available 12 months or full year profits attributable to equity holders as announced by the respective Selected Comparable Companies.
- (2) The latest valuation of the hotel properties of the Selected Comparable Companies are not available for the calculation of the P/RNAV ratios of the Selected Comparable Companies. Accordingly, P/NAV ratios are applied.
- (3) Excluded as outliers in the calculations of mean and median P/E ratios and EV/EBITDA ratios.
- (4) Based on the P/E ratio, EV/EBITDA ratio and EV/EBITDAE ratio set out in paragraph 6.1.5 of this IFA Letter.
- (5) Based on the P/NAV ratio of the Target Group set out in paragraph 6.1.2 of this IFA Letter.
- (6) Based on the price to valuation ratio of the Target Group set out in paragraph 6.1.1 of this IFA Letter.

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As set out in the comparison table above:

- (a) the P/E ratio of the Target Group is within the range, higher than the mean P/E ratio but lower than the median P/E ratio of the Selected Comparable Companies;
- (b) the EV/EBITDA ratio of the Target Group is within the range but higher than the mean and median EV/EBITDA ratios of the Selected Comparable Companies;
- (c) the EV/EBITDAE ratio of the Target Group is within the range of EV/EBITDAE ratios but higher than the mean and median EV/EBITDAE ratios of the Selected Comparable Companies; and
- (d) the P/NAV ratio of the Target Group based on the Estimated Consideration is higher than the range of the P/NAV ratios of the Selected Comparable Companies. However, the Company is acquiring the Target Group based on a price to valuation of between 0.95 times and 1.04 times which are within the range but higher than the mean and median P/NAV ratios of the Selected Comparable Companies.

6.3 THE ISSUE PRICE

6.3.1 The Issue Price as compared to the historical closing prices of the Shares

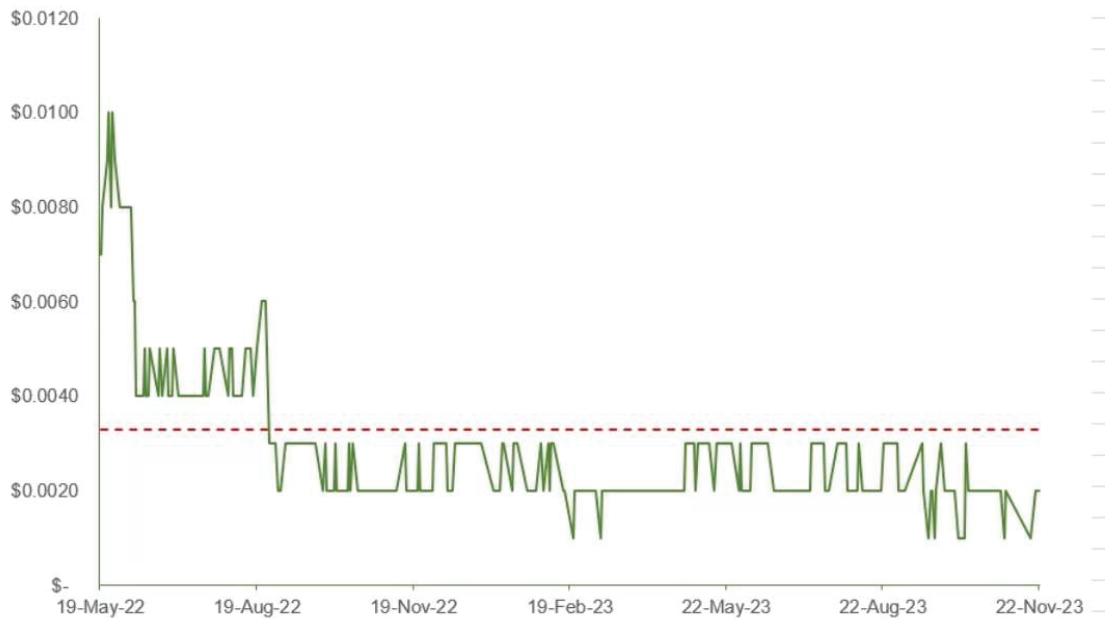
On 23 February 2022, the Company announced that it has entered into a conditional sale and purchase agreement with the substantial shareholders via Puteri Harbour Pte Ltd (the “**3CM Purchaser**”) pursuant to which the Company has agreed to sell to the 3CM Purchaser the entire issued ordinary shares of 3C Marina Park Sdn Bhd (“**3CMP**”), for an aggregate consideration of S\$36.0 million (the “**3CMP Disposal**”).

Together with the 3CMP Disposal which was completed on 13 May 2022, the Company has also carried out a capital reduction to cancel the issued and paid-up share capital of the Company that was no longer represented by available assets due to the accumulated losses as well as a cash distribution by the Company to the Shareholders of S\$0.011639834 for each Share (the “**Cash Distribution**”). The Shares commenced trading on an ‘ex-Cash Distribution’ basis on 19 May 2022.

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Accordingly, we set out a chart comparing the Issue Price (on pre-Proposed Share Consolidation basis, the “Pre-Conso Issue Price”) with the closing price of the Shares for the period commencing from 19 May 2022 up to the Latest Practicable Date as follows:



We note from the chart above that the Shares has closed below the Pre-Conso Issue Price for the period between 26 August 2022 and 22 November 2023, being the last market day where the Shares were traded prior to the Latest Practicable Date.

6.3.2 The Issue Price as compared to the volume weighted average prices (“VWAPs”) and trading prices of the Shares

We also compare the Pre-Conso Issue Price to the VWAPs, as well as the highest and lowest trading prices of the Shares for the same period as follows:

	VWAP ⁽¹⁾ (S\$)	Premium of the Pre- Conso Issue Price to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)
<u>Periods prior to and including 12 June 2023, being the Announcement Date</u>				
Since 19 May 2022	0.0040	(17.50)	0.012	0.001
Last 12 months	0.0032	3.12	0.012	0.001

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	VWAP ⁽¹⁾ (S\$)	Premium of the Pre- Conso Issue Price to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)
Last 6 months	0.0016	106.25	0.003	0.001
Last 3 months	0.0022	50.00	0.003	0.001
Last 1 month	0.0020	65.00	0.003	0.002
9 June 2023, being the last market day where the Shares were traded prior to the Announcement Date	0.0020	65.00	0.003	0.002

Periods after the Announcement Date up to the Latest Practicable Date

Between 13 June 2023 and 22 November 2023, being the last market day where the Shares were traded prior to the Latest Practicable Date (both dates inclusive)	0.0025	32.00	0.004	0.001
22 November 2023, being the last market day where the Shares were traded prior to the Latest Practicable Date	0.002	65.00	0.002	0.002

Source: Bloomberg L.P.

Note:

(1) Rounded to four (4) decimal places.

We note the following:

- (i) the highest trading price of the Shares for the period from 19 May 2022 to the Announcement Date was S\$0.012. Accordingly, a S\$0.001 increase or decrease in the trading prices of the Shares would represent at least 8.33% increase or decrease

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to the trading prices of the Shares while the highest trading price of the Shares for the six months period prior to and including the Announcement Date was S\$0.003 and a S\$0.001 increase or decrease in the trading prices of the Shares would represent at least 33.33% increase or decrease to the trading prices of the Shares;

- (ii) the Shares traded between a wide range of between S\$0.001 per Share and S\$0.012 per Share for the period from 19 May 2022 to the Announcement Date;
- (iii) the Shares traded between a narrower range of between S\$0.001 per Share and S\$0.003 per Share for the period between 26 August 2022 and the Announcement Date;
- (iv) the Pre-Conso Issue Price represents premiums to the VWAPs of the Shares for the 12 months, 6 months, 3 months and 1 month periods prior to the Announcement Date set out in the above table;
- (v) the Pre-Conso Issue Price represents premium to the VWAP of the Shares for the period after the Announcement Date up to 30 November 2023, being the last market day where the Shares traded prior to the Latest Practicable Date; and
- (vi) the Pre-Conso Issue Price represents a premium of approximately 65.00% to the VWAP of the Shares on 30 November 2023, being the last market day where the Shares traded prior to the Latest Practicable Date.

Trading liquidity of the Shares

In our review of the market prices of the Shares, we have also considered the liquidity of the Shares. We tabulate as follows:

	Total volume traded	Average daily traded volume (“ADTV”) ⁽¹⁾	ADTV as a percentage of the Company’s free float ⁽²⁾
<u>Periods prior to the Announcement Date</u>			
Since 19 May 2022	985,580,800	4,927,904	0.82%
Last 12 months	809,783,200	4,353,673	0.72%
Last 6 months	230,673,600	2,813,093	0.47%
Last 3 months	78,411,100	1,600,227	0.27%
Last 1 month	25,808,900	1,518,171	0.25%

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	Total volume traded	Average daily traded volume (“ADTV”) ⁽¹⁾	ADTV as a percentage of the Company’s free float ⁽²⁾
9 June 2023, being the last market day where the Shares traded prior to the Announcement Date	303,000	303,000	0.05%
<u>Periods after the Announcement Date up to the Latest Practicable Date</u>			
Between 13 June 2023 and 22 November 2023, being the last market day where the Shares traded prior to the Latest Practicable Date (both dates inclusive)	116,875,600	1,855,168	0.31%
22 November 2023, being the last market day where the Shares traded prior to On the Latest Practicable Date	100,000	100,000	0.02%

Source: Bloomberg L.P.

Notes:

- (1) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded and the total market days where the Shares were traded during that period.
- (2) Calculated based on 603,749,902 Shares, being the difference between (i) the existing share capital of 3,067,053,978 Shares; and (ii) 2,463,304,076 Shares being the sum of Shares held by directors and substantial Shareholders of the Company and their associates as at the Latest Practicable Date.

We note the following with regards to the liquidity of the Shares:

- (A) the ADTV of the Shares amounted to less than five (5) million Shares for the periods prior to the Announcement Date and represented less than 1.00% of the free float of the Company;
- (B) the ADTV for the period after the Announcement Date up to 22 November 2023, being the last market day where the Shares traded prior to the Latest Practicable Date amounted to 1,855,168 Shares which was higher than the ADTV of the Shares for the 3-month and 1-month periods prior to the Announcement Date.

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We also note that the Shares were generally traded on more than 60% of market days, being days which the SGX-ST is open for trading (“**Market Days**”) for the periods set out in the table above.

6.3.3 The Pre-Conso Issue Price as compared to the NAV, RNAV and net tangible assets (“NTA”) for each Share

(a) Latest NAV per Share

Based on the latest unaudited financial results of the Group for the six months ended 30 June (“**HY**”) 2023, the NAV attributable to equity holders of the Company as at 30 June 2023 amounted S\$95,000.

Based on the Company’s total issued share capital comprising 3,067,053,978 Shares, the NAV per Share is S\$0.000031.

The Pre-Conso Issue Price represents a significant premium of S\$0.003269 to the NAV per Share or a P/NAV ratio of 106.45 times, which is also significantly higher than the P/NAV ratio for the Target Group.

(b) Adjusted NAV per Share

We have considered whether the Group has any assets which should be valued at an amount that is materially different from that which was recorded in the latest balance sheet of the Group or if the Company has announced any corporate actions which may materially affect the NAV of the Group as at 30 June 2023.

As mentioned in earlier paragraph of this IFA Letter, the Company announced the Disposal SPAs on 6 July 2023. We note that the Company estimated its loss on disposal of the Existing Business to be S\$120,976.

Based on the latest unaudited NAV as set out in paragraph (a) above, after taking into account the loss on disposal of the Existing Business, the Company will have a negative NAV upon disposal of the Existing Business.

Save as disclosed above and the Conversion Shares as well as the PCL Loan Conversion Shares which will be allotted and issued at the Issue Price after the completion of the Proposed Share Consolidation, the Company confirms that there is no factor which may materially affect the NAV per Share between 30 June 2023 and the Latest Practicable Date.

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(c) NTA per Share

The Group did not have any intangible assets as at 30 June 2023. Accordingly, its NTA per Share is same as its NAV per Share and the price-to-NTA (“P/NTA”) ratio is the same as its P/NAV ratio.

6.3.4 The shell premium implied by the Pre-Conso Issue Price as compared to shell premia of reverse takeovers of companies listed on the SGX-ST announced after 1 January 2018 and completed by the Latest Practicable Date (the “Precedent RTOs”)

The value of the Company implied by the Pre-Conso Issue Price is approximately S\$10.12 million. As set out in paragraph 6.3.3(b) of this IFA Letter, the Company will have a negative NAV upon disposal of the Existing Business. Accordingly, the shell premium ascribed to the Company for the purposes of the Proposed Acquisition is S\$10.12 million.

We compare the shell premium attributable to the Company with shell premia of the Precedent RTOs as follows:

Date of circular	Name of SGX-ST listed company	Brief information of the reverse takeover	NAV of the SGX-ST listed company immediately before transaction ⁽¹⁾	Implied market capitalisation of the SGX-ST listed company based on its issue price	Implied shell premium
30 June 2022	Fabchem China Limited	Acquisition of the entire issued and paid-up share capital of Lincotrade & Associates Pte. Ltd. for an aggregate purchase consideration of S\$25 million to be fully satisfied through the allotment and issue of an aggregate of 113,636,363 new shares in the capital of the company to the vendors. The vendors will hold 63.05% interest in the enlarged share capital of the company upon completion	S\$100,000	S\$10,296,000	S\$10,196,000

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Date of circular	Name of SGX-ST listed company	Brief information of the reverse takeover	NAV of the SGX-ST listed company immediately before transaction ⁽¹⁾	Implied market capitalisation of the SGX-ST listed company based on its issue price	Implied shell premium
29 June 2021	CPH Ltd.	Acquisition of the entire issued and paid-up share capital of Shanaya Environmental Services Pte. Ltd. for an aggregate purchase consideration of S\$22 million to be satisfied by cash of S\$3 million within 12 months from date of completion of acquisition and the balance with the allotment and issue of an aggregate of 3,166,666,667 new shares in the capital of the company to the vendors. The vendors will hold 70.17% interest in the enlarged share capital of the company upon completion	S\$2,395,000	S\$7,375,357	S\$4,980,357
31 December 2020	Artivision Technologies Ltd	Acquisition of the entire issued and paid-up share capital of Mobile Credit Payment Pte. Ltd. for an aggregate purchase consideration of S\$82,805,780 to be fully satisfied by the allotment and issue of an aggregate of 157,725,296 new consolidated shares in the capital of the company to the vendors. The vendors will hold 51.72% interest in the enlarged share capital of the company upon completion	S\$500,000	S\$18,876,826	\$18,376,826

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Date of circular	Name of SGX-ST listed company	Brief information of the reverse takeover	NAV of the SGX-ST listed company immediately before transaction ⁽¹⁾	Implied market capitalisation of the SGX-ST listed company based on its issue price	Implied shell premium
31 December 2020	Citicode Ltd	Acquisition of the entire issued and paid-up share capital of Livingstone Health Ltd. for an aggregate purchase consideration of S\$72,000,000 to be satisfied in cash of S\$3.5 million and the allotment and issue of 342,500,000 new consolidated shares in the capital of the company to the vendors. The vendors will hold 72.10% interest in the enlarged share capital of the company upon completion	Negative	S\$16,526,763	S\$17,157,263
29 March 2019	Jason Holdings Limited	Acquisition of the entire issued and paid-up share capital of Revez Group Pte. Ltd. for an aggregate purchase consideration of S\$42,.66 million to be satisfied in full by the allotment and issue of 11,642,995,836 new shares in the capital of the company to the vendors. The vendors will hold 79.8% interest in the enlarged share capital of the company upon completion	Negative	S\$9,999,985	S\$9,999,985

As set out in the table above, the shell premium attributed to the Company of approximately S\$10.12 million is within the range of the shell premium of the Precedent RTOs of between approximately S\$4.98 million and approximately S\$18.38 million.

We calculate the average shell premium of the Precedent RTOs to be approximately S\$12.14 million and the shell premium attributed to the Company of approximately S\$10.12 million represents a discount of approximately 16.64% to the average shell premium of the Precedent RTOs.

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Shareholders should note that the analysis above is solely for illustration purposes and the shell premium analysis does not take into consideration factors including, but not limited to, the prevailing market conditions, the circumstances of the reverse takeover, the condition precedents to the reverse takeover, the purchase consideration and methods for satisfying the purchase consideration.

6.3.5 The Issue Price of the Consideration Shares is the same as the issue price of the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares

We note that the Conversion Shares to be allotted and issued to the Seller pursuant to the Seller's Loan Agreement, the PCL Loan Conversion Shares to be allotted and issued to Phileo Capital Limited pursuant to the PCL Loan Agreement and the PPCF Shares to be allotted and issued to PPCF, will also be issued at the Issue Price.

6.4 THE FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition can be found in Section 13 of the Circular.

On the basis that the Aggregate Loans Capitalisation of the Target Group has taken place at Closing, the NTA of the Group as at 31 December 2022 would have improved from 0.01 Singapore cents to 10.60 Singapore cents.

As the Target Group reported losses for FY2022, the earnings per Share for FY2022 would turn negative upon Closing.

6.5 OTHER CONSIDERATIONS

6.5.1 Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition is set out in Section 3.2 of the Circular and we have also summarised the rationale in paragraph 3.3 of this IFA Letter.

We note that the Existing Business of the Group reported revenue of less than S\$1 million for FY2021 and FY2022 and its general and administrative expenses for FY2021 and FY2022 were higher than its revenue.

Although the Target Group had net loss for FY2022 and net liability position as at 31 December 2022, the Target Group has 17 operational hotels with occupancy rate of at least 74.6% for the last twelve months ended 30 June 2023. As set out in paragraph 3.2.2 of this IFA Letter, we calculate that the Target Group would have a profit of approximately £10.02 million for LTM2023 and had positive NAV as at 30 June 2023.

The Proposed Acquisition is in line with the Group's plans to expand and rejuvenate its business through mergers and acquisitions.

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6.5.2 Prospects of the Target Group

The prospects, strategies and future plans of the Target Group are set out in Section 6.2 of Appendix A to the Circular. We extract in *italics* as follows:

- (a) *The Target Group anticipates revenue growth, which will be bolstered by various factors including (i) a rebound in demand for leisure travel post COVID-19 pandemic in both domestic and international tourism; (ii) a pent-up demand for business travel, meetings and events; and (iii) an increasing trend of flexible working arrangements, leading to the growth of leisure travel segment. Based on these factors, the Target Group believes that these trends present a substantial opportunity for business expansion, ultimately resulting in an increase in overall RevPAR and occupancy rates.*
- (b) *The Target Group anticipates a general upward trend in cost of sales and operating expenses, including staff costs, administrative expenses, and other expenses. These increases are expected to align with the Target Group's expanding business activities and the surging inflation rate in the United Kingdom.*
- (c) *The Target Group intends to actively manage its properties through asset enhancement initiatives, which may involve capital expenditures or set-up costs. It anticipates that these initiatives will generate future revenue, accompanied by corresponding increases in operating expenses. However, it should be noted that there is no guarantee that these asset enhancement initiatives will have a significant impact on the Target Group's profitability in the current financial year, unless any unforeseen circumstances arise.*
- (d) *The Target Group also anticipates expenses to further increase due to expenses incurred in connection with the Proposed Acquisition, ongoing compliance costs, and additional remuneration as a result of the appointment of directors and management team after Closing.*
- (e) *The Target Group is aware of the unprecedentedly rising interest rate and how the internal rate of return is impacted as a result of the reduced operational cash flow after interest repayment. Notwithstanding the above, the Target Group is actively sourcing for solutions to manage the finance cost going forward, including refinancing existing loans.*

6.5.3 Risk factors

The risk factors relating to the Target Group and its business are set out in Section 17 of the Circular. Shareholders are advised to read the information carefully. In particular, we note that the Company has highlighted several risk factors associated to the debts of the Target

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Group. We calculate that the Target Group had a gearing ratio of 3.77 times after the capitalisation of the loans from the Seller.

6.5.4 Dilution to Independent Shareholders

The existing public Shareholders who hold 603,749,902 Shares, representing approximately 19.69% interest in the share capital of the Company as at the Latest Practicable Date, will have their shareholdings diluted to approximately 0.43% interest in the enlarged share capital of the Company upon the allotment and issue of the Consideration Shares and Conversion Shares.

6.5.5 Inter-conditionality of resolutions

Shareholders should note that the resolutions relating to the Proposed Acquisition, the Proposed Allotment and Issuance of Consideration Shares, and the resolutions relating to the Proposed Acquisition such as the Proposed Whitewash Resolution are **INTER-CONDITIONAL**.

Accordingly, in the event that any of these resolutions is not approved, the other resolution will not be duly passed and the Proposed Acquisition will not proceed.

6.5.6 Abstention from voting

We understand that none of the Existing Directors or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their directorships and/or shareholdings in the Company.

The Seller does not hold any Shares in the Company. The Seller will ensure that its associates, if holding any Shares, will abstain, from voting on the Proposed Acquisition and the Proposed Allotment and Issuance of Consideration Shares and the Proposed Allotment and Issuance of Conversion Shares. The Seller shall abstain, and shall procure that its associates to abstain accepting nomination as proxy or otherwise vote at the EGM in respect of the resolutions relating to the Proposed Acquisition and the Proposed Allotment and Issuance of Consideration Shares and the Proposed Allotment and Issuance of Conversion Shares unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

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6.5.7 Moratorium on the Consideration Shares

As set out in Section 15.6 of the Circular, the Seller will be observing two lock-up periods on the new ordinary shares (comprising the Consideration Shares and the Conversion Shares) to be allotted and issued to the Seller pursuant to the SPA and the Seller's Loan Agreement.

The first lock-up period is for a period of six months commencing from the date of resumption of trading following the trading halt to facilitate the completion of the Proposed Transactions and applies to all the Shares which the Seller legally and/or beneficially, directly and/or indirectly, owns or will own immediately after Closing (adjusted for any bonus issue or sub-division) (the "Seller Lock-up Shares").

The second lock-up period is for the period commencing on the day immediately following the expiry of the First Lock-up Period until the date falling 60 months commencing from the Commencement Date (both dates inclusive) and applies to such number of Seller Lock-up Shares which amounts to 51.0% of the ordinary shares in the capital of the Company for the second lock-up period.

7. EVALUATION OF THE SELLER'S LOAN AGREEMENT

As set out in paragraph 4 of this IFA Letter and Section 3.1 of the Circular:

- (a) the Seller's Loan is an interest free loan facility granted by the Seller to the Company;
- (b) the amount utilised by the Company in accordance with the terms of the SPA shall be settled in full with the allotment and issuance of the Conversion Shares to the Seller;
- (c) the issue price for the Conversion Shares is the same as the issue price of the Consideration Shares. Please refer to paragraph 6.3 of this IFA Letter for our review and analysis of the Issue Price;
- (d) the issue price for the Conversion Shares is also the same as the issue price of the PCL Loan Conversion Shares and the PPCF Shares; and
- (e) as set out in paragraph 6.3.3(a) of this IFA Letter, the NAV attributable to equity holders of the Company as at 30 June 2023 amounted to only approximately S\$95,000. We note that the Group only had cash and cash equivalent of approximately S\$398,000 as at 30 June 2023 with total other payables and accruals of approximately S\$320,000 as at 30 June 2023. As set out in note (2) of Section 7.3 of the Circular, the total expenses in connection with the Proposed Transactions is estimated to be approximately S\$7.0 million. The Company needs the Seller's Loan

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to fund the Proposed Transactions, in particular, the Proposed Acquisition to rejuvenate the Group's business through mergers and acquisitions.

8. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition as well as the Seller's Loan Agreement. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration of the Proposed Acquisition and the Seller's Loan Agreement:

On the "fairness" of the Proposed Acquisition

- (a) the Company is acquiring the Target Group at a price to valuation ratio of 0.95 times (based on full capital expenditure of £57,222,000) or 1.04 times (without discretionary capital expenditure of £18,316,000) as set out in paragraph 6.1.1 of this IFA Letter;
- (b) the P/E ratio of the Target Group is within the range, higher than the mean but below median P/E ratios of the Selected Comparable Companies;
- (c) the EV/EBITDA ratio and EV/EBITDAE ratio of the Target Group are within the range of the corresponding ratios of the Selected Comparable Companies;
- (d) while the P/NAV ratio of the Target Group is higher than the range of the P/NAV ratios of the Selected Comparable Companies, the Company is acquiring the Target Group based on a price to valuation of between 0.95 times and 1.04 times which are within the range but higher than the mean and median P/NAV ratios of the Selected Comparable Companies. Further, as set out in paragraph 6.3.3 of this IFA Letter, after taking into account the loss on disposal of the Existing Business, the Company will have a negative NAV upon disposal of the Existing Business;
- (e) the Pre-Conso Issue Price is higher than the closing prices of the Shares for the period between 26 August 2022 and 22 November 2023, being the last market day where the Shares traded prior to the Latest Practicable Date;
- (f) the Pre-Conso Issue Price represents significant premia to the VWAPs of the Shares for the 6 months, 3 months and 1 month periods prior to the Announcement Date set out in the table in paragraph 6.3.2 of this IFA Letter;

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- (g) the Pre-Conso Issue Price represents a significant premium of S\$0.003269 to the NAV per Share as at 30 June 2023 or a P/NAV ratio of 106.45 times. Further, based on the latest unaudited NAV of the Group of S\$95,000 as at 30 June 2023, after taking into account the loss on disposal of the Existing Business, the Company will have a negative NAV upon disposal of the Existing Business; and
- (h) the shell premium attributed to the Company of approximately S\$10.12 million is within the range of the shell premium of the Precedent RTOs of between approximately S\$4.98 million and approximately S\$18.38 million.

On the “reasonableness” of the Proposed Acquisition

- (i) the Target Group reported improved revenue over the Track Record Period which could be attributed to the improvement in the occupancy rates of its hotels as the hotel industry gradually recovers from COVID-19 pandemic;
- (ii) the P/NAV ratio of the Company as implied by the Pre-Conso Issue Price is higher than the P/NAV ratio of the Target Group; and
- (iii) other considerations set out in paragraph 6.5 of this IFA Letter, in particular, the Proposed Acquisition is in line with the Group’s plans to expand and rejuvenate its business through mergers and acquisitions.

On the “fairness” of the Seller’s Loan Agreement

- (A) only the amount utilised by the Company in accordance with the terms of the SPA will be settled with the allotment and issuance of the Conversion Shares;
- (B) the issue price of the Conversion Shares is the same as the Issue Price of the Consideration Shares. Accordingly, all factors relating to the fairness of Issue Price as set out in paragraphs 8(e), (f) and (g) of this IFA Letter apply; and
- (C) the issue price of the Conversion Shares is also the same as the issue price of the PCL Loan Consideration Shares and the PPCF Shares.

On the “reasonableness” of the Seller’s Loan Agreement

- (I) the NAV and cash and cash equivalents of the Group as at 30 June 2023 were not sufficient to fund the total expenses of the Proposed Transactions which is estimated to be approximately S\$7.0 million; and
- (II) Seller’s Loan is an interest free loan facility granted by the Seller to the Company.

APPENDIX F – IFA LETTER

The logo for Xandar Capital, featuring the word "XANDAR" in a large, bold, blue serif font above the word "CAPITAL" in a smaller, blue sans-serif font. The logo is enclosed in a thin blue rectangular border.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the terms of the Proposed Acquisition and the Seller's Loan Agreement are, on balance, fair and reasonable. We therefore advise the Existing Directors to recommend that Shareholders should vote in favour of the Proposed Whitewash Resolution.

This IFA Letter, which is prepared pursuant to the Code, is addressed to the Existing Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Acquisition, and the recommendation made by them to the shareholders shall remain the responsibility of the Existing Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, without the prior written consent of Xandar Capital in each specific case, except for the Proposed Acquisition, at any time and in any manner.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Xandar Capital confirms that we do not hold any interest in the Group and the Target Group, and our engagement is not contingent upon our opinion.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

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APPENDIX G – EXCHANGE CONTROLS AND TAXATION

1. EXCHANGE CONTROLS

Singapore

There are no laws or regulations in Singapore that may affect (a) the repatriation of capital, including the availability of cash and cash equivalents for use by the Enlarged Group, and (b) the remittance of profits that may affect dividends, interest or other payments to the Shareholders.

UK

Currently, there are currently no foreign exchange controls in the United Kingdom that may restrict the payments of amounts to the Target Company.

Jersey

Currently, there are currently no foreign exchange controls in Jersey that may restrict the payments of amounts to the Target Company.

Cayman

There is no exchange control legislation under Cayman Islands law and accordingly there are no exchange control regulations imposed under Cayman Islands law.

2. TAXATION

The following is a summary of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. The summary is based on laws, regulations, interpretations and administrative guidelines issued by the relevant authorities now in effect and available as of the date of this Circular. These laws, regulations, interpretations and guidelines are subject to changes, which may be retrospective to the date of issuance of Shares. These laws, regulations, interpretations and guidelines are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below. The summary is limited to a general description of certain Singapore income tax, stamp duty, estate duty and GST consequences with respect to the subscription for, ownership and disposal of Shares, and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to subscribe for, hold or dispose of Shares. The statements below are based on the assumption that the Company is tax resident in Singapore for Singapore income tax purposes.

Prospective investors should consult their own tax advisers concerning the tax consequences of subscribing for and/or purchasing, owning and disposing of Shares. Neither the Company nor the Proposed New Board accepts responsibility for any tax effects or liabilities resulting from the subscription for, holding or disposal of Shares.

APPENDIX G – EXCHANGE CONTROLS AND TAXATION

Corporate income tax

A Singapore resident corporate taxpayer is liable to Singapore income tax on:

- (a) income accruing in or derived from Singapore; and
- (b) unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore.

A non-Singapore resident corporate taxpayer is liable to Singapore income tax on income accruing in or derived from Singapore and on income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore, subject to certain exceptions.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

The prevailing corporate income tax is 17.0% with the first S\$200,000 of annual normal chargeable income of a company being exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of normal chargeable income; and
- (b) 50.0% of up to the next S\$190,000 of normal chargeable income.

Tax exemption is granted to a Singapore tax resident company on its foreign-sourced dividend, foreign branch profits or foreign-sourced service income (“**specified foreign income**”) received or deemed to be received in Singapore on or after 1 June 2003 provided the following qualifying conditions are met:

- (a) the specified foreign income is subject to tax of a similar character to income tax under the law of the territory from which such income is received;
- (b) at the time the specified foreign income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is at least 15.0%; and
- (c) the Comptroller of Income Tax (the “**Comptroller**”) is satisfied that the tax exemption would be beneficial to the Singapore tax resident company.

Individual Income Tax

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received or deemed received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller is satisfied that the tax exemption would be beneficial to the individual.

APPENDIX G – EXCHANGE CONTROLS AND TAXATION

An individual is regarded as tax resident in Singapore for any year of assessment (“YA”) if, during the year preceding the YA, the individual is physically present in Singapore for 183 days or more or resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such individual to be resident in Singapore, or exercises an employment (other than a director of a company) in Singapore for 183 days or more.

Singapore resident individuals are taxed (on income subject to Singapore income tax) at progressive rates, currently ranging from 0% to 24.0%. Non-Singapore resident individuals are generally taxed on income accruing in or derived from Singapore at the rate of 24.0%.

Dividend Distributions

Singapore currently adopts the one-tier system of corporate taxation. Under the one-tier system, dividends paid by a company resident in Singapore are exempt from income tax in the hands of its shareholders, regardless of whether the shareholders are corporates or individuals or whether the shareholders are tax resident in Singapore. These dividends are also not subject to Singapore withholding tax.

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that the Company is a tax resident of Singapore and under the one-tier system.

Gains on Disposal of Shares

Singapore currently does not generally impose tax on capital gains. Any gains considered to be in the nature of capital made from the sale of the Shares will not be taxable in Singapore. However, any gains derived by any person from the sale of the Shares which are gains derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are currently no specific laws or regulations that address the characterisation of gains. The characterisation of gains arising from the sale of the Shares will depend on the facts and circumstances of each Shareholder.

Stamp Duty

There is no stamp duty payable on the subscription or allotment of the Shares.

Where an instrument of transfer is executed in respect of the Shares, stamp duty is payable on such instrument of transfer at the rate of 0.2% of the purchase consideration or market value of the Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of the Shares through the scripless trading system operated by the CDP.

APPENDIX G – EXCHANGE CONTROLS AND TAXATION

Goods and Services Tax

The disposal of the Shares by a GST-registered Shareholder belonging in Singapore for GST purposes to another person belonging in Singapore for GST purposes is an exempt supply not subject to GST.

Generally, any input GST incurred by the GST-registered Shareholder in making such an exempt supply is not recoverable from the Singapore Comptroller of GST.

Where the Shares are sold by a GST-registered Shareholder in the course of or furtherance of a business carried on by such Shareholder contractually to and for the direct benefit of a person belonging outside Singapore for GST purposes, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0.0%. Any input GST incurred by the GST-registered Shareholder in the making of such a supply in the course of or furtherance of a business and subject to the relevant input tax claim provisions under the GST legislation, may be recoverable as an input tax credit in his GST returns.

Investors and/or Shareholders should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and disposal of the Shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, ownership or disposal of the Shares will be subject to GST at the standard rate of 8.0% until 31 December 2023 and will thereafter increase to 9.0% effective 1 January 2024. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore for GST purposes should generally, subject to the satisfaction of certain conditions, be subject to GST at 0.0%.

Estate Duty

Singapore estate duty has been abolished for all deaths occurring on or after 15 February 2008.

APPENDIX H – OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND SCOTLAND

OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND SCOTLAND

The laws of England derive from statute and common law (largely binding precedent normally only overruled by a higher Court). The laws of Scotland have a similar derivation and are closely aligned with those of England, but contain some important differences in property law which are also set out in a similar manner.

Tenure

There are three types of ownership interest in land in the United Kingdom. They are freehold, leasehold and commonhold:

(a) Freehold land

Freehold land is owned outright forever. The land may be subject to or have the benefit of rights and covenants, such as rights of way over adjoining land, or covenants restricting use or development.

Freehold land may also be subject to a lease, in which case there are two owners of the land: one owns the freehold and is called the freeholder, landlord or lessor; the other owns the lease and is called the tenant or lessee. The right of occupation belongs to the tenant.

(b) Leasehold land

A lease grants ownership of property for a stated period of time, so leasehold land is owned by the tenant for the length of the lease. A lease exists at the same time as the freehold; the freehold lasts forever and is subject to the lease for the period of the lease.

A lease may be granted either for a premium or at an annual rent (which may be nominal), or a combination of both and will commonly contain restrictions on what the leasehold owner (or tenant) can do with the property.

(c) Commonhold

This is a form of condominium ownership, where ownership is split into a number of units. This form of land ownership is not common in England.

An owner of land has full rights to deal with the land as he likes, subject to any laws or agreements to the contrary. For example, the owner of land may buy, sell, lease, build, demolish and change the use, though in practice he may find that in the case of leasehold land he needs his landlord's consent to do these things, and in the case of building, demolition and changing the use he also needs the consent of local government planning authorities in the form of a planning permission.

Other consents may also be needed. Ownership of land gives the right to occupy the land, although where a lease exists that right belongs to the tenant, not the landlord. In Scotland, a 'heritable' title is the equivalent of the 'freehold' title. It is also possible to register leasehold titles. In Scotland, only leases with a duration in excess of twenty years (i.e. twenty years and one day, or longer) are capable of registration. However, leases for less than 20 years are almost always registered in the Books of Council and Session.

APPENDIX H – OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND SCOTLAND

System of Land Holding in the United Kingdom

The United Kingdom has a system of registration of the ownership of title (both freehold and leaseholds (other than leaseholds for less than seven years)) as well as certain other real property related rights, restrictions and covenants, which is regulated by His Majesty's Land Registry (the "**Land Registry**").

It also provides for registration of security taken over land interests. A registered title is guaranteed and if a buyer suffers a loss because of a mistake or an omission from the register, they may be able to get government backed compensation.

Anyone can obtain copies of the registers and any documents referred to in them although some commercially sensitive information can be withheld from copies of leases, mortgages and other documents. The price paid for the property by the owner cannot be withheld. Some matters are not included in the registers. Examples are the rights of actual occupiers of property, leases for seven years or less (subject to certain exceptions) and matters falling within the province of the relevant local authority, such as town and country planning (zoning) matters and road improvement schemes.

It is also often difficult to identify the extent of adjoining land over which there are mutual rights or obligations. The registers are therefore not complete records of all interests in or burdens on the relevant land. A registered title is guaranteed by the Land Registry, subject to any matters entered on the registers and to matters not covered by the registration system (In Scotland: information in the Land Register is backed by a State warranty).

Registration of a lease, when title to the freehold interest in the property has not been registered, will be subject to any matters affecting the freehold at the time when the lease was granted.

Title is based on the registration on the records at The Land Registry (In Scotland: the Land Register of Scotland (a newer register started in 1981 and is a plan based register) and the Sasine Register (older Scottish register which dates from 1617 and is a deeds-based register)) and not on any certificate issued by the registry. There is a further official register of deeds kept by the Scottish courts known as the Books of Council and Session and in the context of a commercial lease transaction the parties will almost always ensure that the fully signed lease and ancillary documents (licence for works, rent deposit agreement, guarantee, rent review memorandum) are presented there for registration for the purposes of (i) preservation; and (ii) execution, i.e. equivalent to the court having issued a decree for the sums due under the lease.

No restriction on who may hold land

Any person over the age of 18, of whatever nationality, may buy and sell freehold land without restriction and may buy or sell United Kingdom-incorporated entities owning freehold land without restriction subject to any laws or agreements to the contrary. Similarly, any corporate entity, wherever it is established, may hold and dispose of freehold land provided it has the corporate power to do so. This is subject to any applicable United Kingdom, EU or United Nations sanctions in force at any time.

APPENDIX H – OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND SCOTLAND

Regulation of Foreign Investment in Property

In addition to any laws or agreements restricting the same, where a property is directly owned by an entity incorporated outside of the United Kingdom (an “**Overseas Entity**”), in order to register a disposition of or charge or security interest against such a property, the Overseas Entity is, save in certain limited circumstances, first required to complete a registration at Companies House to confirm the details of the beneficial owners of the Overseas Entity. For completeness, in addition an Overseas Entity is also required to confirm the details of the beneficial owners of the Overseas Entity on an annual basis.

Leases of Property in England, Wales and Scotland

A tenant can grant a lease of whole or part out of his own leasehold interest, called a sublease or underlease, although this will sometimes require the consent of the tenant’s landlord. A chain of leases can be created in this way to meet the requirements of investors and occupiers. Assuming the leases and subleases are of the whole (as opposed to the part), the right to occupation belongs to the owner of the lowest lease in the chain. Leases fall into four broad types, investment leases, occupational leases, agricultural leases and substation leases.

An investment lease is one which an investor would buy for its actual or potential income stream, so it will typically be a lease for 99 years or more either without a rent or at a nominal rent. The owner of such a lease owns the value in the property given the term of their lease is so long.

An occupational lease is one under which a tenant who does not want to participate in the risks and rewards of long-term investment would occupy, so it will typically be a lease for somewhere between five (5) and 25 years at a rent equal to the full annual rental value of the property. Occupational leases will not normally acquire any significant value and the owner of such a lease merely pays rent for the right to occupy. The lease will contain details of the rent and the rights and obligations of the landlord and the tenant to each other.

An agricultural tenancy is a type of business lease when a party rents agricultural land or buildings to run a farm business. Substation leases are granted to energy providers so that they can provide electricity to surrounding buildings. Typically these will be for 99 years or more and at a nominal rent.

Even though there are a number of standard principles which one expects to see in a lease, there is no standard wording, so leases require careful negotiation by experienced lawyers.

Occupational leases normally contain restrictions on the tenant’s ability to dispose of the lease, underlet, demolish, alter or extend the property and restrictions on the uses to which the tenant can put the property. For example, the use might be restricted to offices. In most cases these restrictions are imposed to protect the value of the landlord’s interest, since it is the landlord and not the tenant who owns the valuable interest in an occupational lease. However, there is a balance to be struck since if the landlord seeks to restrict the tenant more than is normal in the market he will find that the rent achieved, either initially or on rent review, is lower than the market rent.

In investment leases the tenant owns the valuable interest in the property. There tend to be fewer restrictions on tenants in investment leases, and those that are included tend to be lighter.

APPENDIX H – OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND SCOTLAND

Most leases contain a statement that if the tenant fails to pay rent or is in breach of its obligations the landlord may terminate the lease. Termination in those circumstances is called forfeiture ('irritancy' is the Scottish equivalent of forfeiture). There are statutory restrictions on the landlord's right to forfeit or irritate a lease.

Parties are free to agree to terms but there are legislative requirements (including registration at the Land Registry for leases of more than seven years (20 years in Scotland) (and other leases in some cases) and formalities including the requirement for a particulars section at the front of the lease (no particulars requirement in Scotland)).

Certain legislation imposes terms on the parties or restricts the extent to which certain statutory provisions can be contracted out.

Security of Tenure

The Landlord and Tenant Act 1954 (as amended) gives most occupiers of business tenancies a right to remain in occupation and to be granted a new lease on the expiry of their contractual term.

There are grounds on which a landlord can seek possession including, redevelopment, the fact that the landlord wants the premises for its own use or a history of breach of the terms of the lease. In certain circumstances compensation is payable where these grounds are used. It is possible to contract out of the security of tenure provisions. The Landlord and Tenant Act 1954 does not apply in Scotland and therefore broadly, the terms of the lease set out the whole rights and obligations of the parties, including that the lease ends on the date specified within the document. However, the landlord must serve a significantly advanced notice, failing which, the lease continues on a year to year basis. There are strict minimum periods for service of such notices: the parties to commercial leases are usually required to give not less than 40 clear days' notice prior to the expiry date. But, the parties can agree to vary that notice period (for example, one (1) month, six (6) months or 12 months). The lease notice provisions should be considered including the lease obligations regarding service of notice (for example, deemed served after 48 hours of posting).

Statutory Intervention in Lease Terms

Various statutes impose terms in commercial leases. These include a release of a tenant on assignment. Where consent is required and subject to conditions, statute imposes reasonableness requirements and prevents the landlord delaying its response.

In Scotland, there is no automatic release of outgoing tenants on assignment (called 'assignment' there) although release is frequently given by landlords in practice. There is no requirement for reasonableness, but it is generally set out as an obligation on the landlord and likewise if the lease is silent on assignment, the tenant is entitled to assign.

There are rights for the lessee to apply for relief where a lease entitles the lessor to terminate the term for breach. This would normally result in the Court allowing the lessee additional time to remedy the breach. There are restrictions on the level of damages that can be claimed for breach of a repairing covenant based on the actual damage to the lessor's interest and termination would not normally be allowed for disrepair where the nature of the disrepair was not urgent or causing damage to the landlord's interest. As the end of the lease approaches it is more likely disrepair would damage the landlord's interest.

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In Scotland there are no such controls although the landlord must follow strict notice requirements and give the tenant a minimum of 14 days to remedy monetary breaches and a reasonable period to remedy non-monetary breaches before they may terminate the lease. Although no breach is strictly exempted from the right to terminate, there is a statutory provision that termination cannot be used as a landlord remedy 'if in all the circumstances of the case a fair and reasonable landlord would not seek so to rely'. Damages for disrepair are not restricted to 'diminution in value' – the whole proper and reasonable cost of making the repairs can be sought. Also under Scots law if leased premises are destroyed, then the lease comes to an end. In most commercial leases there will be an express statement to displace this in order to allow the usual reinstatement provisions to operate.

Notwithstanding the above, a Scottish commercial lease would not usually look much different to an English or Welsh commercial lease: the same key provisions will be found in leases of English, Welsh and Scottish properties e.g. clear details of the parties, duration, rent and premises let, with provisions dealing with rent review, repairs, alienation, use and forfeiture.

Contractual formalities

English law requires that an agreement for the purchase, lease or mortgage of land and buildings must:

- (a) be in writing;
- (b) contain all matters expressly agreed;
- (c) be signed by all the parties; and
- (d) be contained in one document, although terms may be incorporated by reference to other documents.

Buying land is usually a two-stage process. The first stage ends with a contract to acquire the land. It is not itself an immediate transfer of ownership, but commits the buyer to buy and the seller to sell the property. The second stage ends with payment of the price (if any) and the transfer of ownership. It is possible for the two stages to be concluded simultaneously.

- (a) The contract

On conclusion of negotiations, a formal contract (the detailed terms of which will have been agreed during the negotiating period) will be signed by the buyer and seller. A deposit is usually paid on signature of the contract and where paid it is usually five (5) or 10 per cent of the purchase price. The balance is paid when the property is transferred to the buyer, usually within the following three (3) to six (6) weeks: a process known as completion. There are no formal rules or requirements as to the timing of completion and the buyer is free to negotiate a longer or shorter period before completion.

APPENDIX H – OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND SCOTLAND

The contract will provide for the terms on which the ownership of the property transfers from the seller to the buyer. These will include provisions for collection of any arrears of rent, for management matters, for disputes with tenants (if any) current at the date of the contract or arising between the date of the contract and the date of completion, and for the continuation, if desired, of maintenance contracts, employment of caretakers or other staff and other similar matters.

A contract may be conditional on the fulfilment of agreed conditions such as obtaining planning permission for development or change of use. Any such conditions are a matter for negotiation. Unlike in some jurisdictions, raising finance would not be a normal condition.

(b) Completion of the purchase

On completion of the purchase, the buyer pays the purchase price (or the balance of it, if a deposit had been paid) and title to the property is transferred to the buyer. The formal document of transfer is then recorded at the Land Registry by the buyer's lawyers. The buyer is free to dispose of, and receive income from, the property at any time following completion of the purchase, whether or not registration at the Land Registry has been completed.

It is not necessary in England for documents relating to land to be notarised.

Scottish property transactions use 'missives' to document the sale and purchase of property. In a commercial lease transaction, the missive usually plays a role akin to an agreement for lease. A missive is simply an exchange of formal letters, normally between solicitors, which has the effect of creating a legally binding contract. The Scots law of agency allows solicitors to sign and issue these letters on behalf of their clients, and as a result bind their clients into a contract, without the client having actually executed any documents.

An important general point to note is that there is very little statutory intervention in Scottish commercial leases. Acts of Parliament that are fundamental to English commercial leasing, such as the Law of Property Act 1925, the Landlord and Tenant Act 1954 and the Landlord and Tenant (Covenants) Act 1995, are not part of Scots law.

There is no statutory requirement to have missives in place for the sale/transfer of land or lease of land but it would be prudent to do so. A disposition capable of registration in the Land Register of Scotland is required for a land transfer. The requirements for registration of a lease in the Land Register are noted above under the section 'Leases of Property in England, Wales and Scotland'.

Planning (Zoning) and Land Use Controls

Development, material alterations and change of use are subject to extensive controls, as regulated by each local planning authority in the United Kingdom. A failure to comply may result in enforcement notices preventing the continuing works or changed use, fines and potentially a requirement to demolish or undo works. Where an application for consent is required, charges are made in connection with the application, the supporting documentation and reports required can be extensive and the Planning Authority may be entitled to impose obligations to make contributions or to carry out work to mitigate the impact of the development. Community Infrastructure Levy may be payable (a payment towards local infrastructure costs). The term 'Community Infrastructure Levy' is not used in Scotland, but a similar contribution may be sought by the planning authority.

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Planning consents granted in relation to works or a change of use pre-dating the acquisition will govern the use of the properties and a breach of the conditions can result in enforcement action resulting in the closure of a business.

In areas of architectural or historic interest, and for individual buildings of particular merit, there is much tighter control over how land or the buildings on it can be altered or used. Additional consents can be required in these cases called conservation area consents and listed building consents, which, again, may be subject to conditions.

An investor would expect that a building which he is intending to buy has all necessary permissions but, nevertheless, will need to make sure that no development has been carried out without permission and no condition has been breached before committing himself to the purchase – not least because local authorities have a range of enforcement powers including significant criminal penalties which can be levied against the current owner notwithstanding that it may not have been that owner who carried out the unauthorised development or use. This will be especially important where a building is listed as there is no statutory time limit on listed building enforcement action.

Compulsory Purchases by Government Departments or Local Authorities

Any property in the United Kingdom may at any time be compulsorily acquired by a government department or a local authority in connection with proposed redevelopment or infrastructure projects.

In the event of a compulsory purchase order being made in respect of a property, compensation would be payable on the basis of the value of all owners' and tenants' proprietary interests in that Property at the time of the related purchase, as determined by reference to a statutory compensation code. In the case of an acquisition of the whole of that property, the relevant freehold, heritable or long leasehold estate and any lease would both be acquired.

If the amount received from the proceeds of purchase of the relevant freehold, heritable or long leasehold estate are inadequate to cover the loss of cash flow from such property, the business and operations of the owning entity in relation to such property may be adversely affected.

There may be a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value. Should such a delay occur in the case of any Property, then, unless the owning entity's cash flow position may be negatively affected.

Environmental Considerations

The principal liability regime dealing with the management and remediation of contaminated land is Part IIA of the Environmental Protection Act 1990 (the "**Contaminated Land Regime**"), as regulated by (depending on the circumstances) a local enforcing authority, the Environment Agency, or the Scottish Environment Protection Agency ("**SEPA**"). Land is only contaminated for the purposes of the regime where there is a present source of contamination, a receptor (for example, humans, ecology, water), and a pathway linking the two. The regime applies if the contamination is such that: (a) significant harm is being caused or there is a significant possibility of such harm being caused; or (b) significant pollution of controlled waters is being caused, or there is a significant possibility of such pollution being caused. The Contaminated Land Regime primarily imposes liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. An owner or occupier of contaminated

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land could become liable as a “knowing permitter” if they become aware of significant pollution, have the necessary degree of control over operations on the land to prevent such contamination and fail to take any action to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused or knowingly permitted the presence of the substances which have led to the pollution.

The term “owner” means a person (other than a mortgagee or (in Scotland) heritable creditor not in possession) who, whether in his own right or as trustee for any other person, is entitled to receive the rack rent from the land or, where the land is not let at a rack rent, would be so entitled if it were so let. Thus, if land which falls within the freehold or heritable title to a property (or, in the case of long leaseholds for a rent which is less than rack rent, such long leasehold title) is contaminated land, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, the owning entity as “owner” might be liable for the costs of cleaning up such contamination. The Contaminated Land Regime also allows for private parties to contractually seek to agree, apportion or transfer liability between themselves.

A polluter or owner/occupier of contaminated land can also be liable to third parties for harm caused to them or their property as a result of the contamination.

Minimum Energy Efficiency Standards (“MEES”)

There is a prohibition on property owners letting properties if the property does not meet MEES, as regulated by the relevant local authority or local weights and measures authority in the United Kingdom. MEES are evidenced through an energy performance certificate (“EPC”) which provides details of how energy efficient a building is and gives a rating from A, very efficient, to G, inefficient. If the EPC rating is either ‘F’ or ‘G’, unless certain exemptions apply, the property cannot be let. MEES does not prohibit the sale of a sub-standard property, but clearly the purchaser may inherit a problem if the property has a sub-standard rating.

Where a property is let in breach of MEES, the lease remains valid and in force, but the landlord will be in breach of MEES and exposed to potential penalties, unless an exemption applies. While it is unlawful to grant a new lease of sub-standard rated property, the unlawfulness refers to the potential penalties that the landlord may receive.

Building Safety

The Building Safety Act 2022, as regulated by the Building Safety Regulator, a specific division of the Health and Safety Executive, creates new:

- (a) Obligations that apply throughout a building’s life cycle, during development, pre-occupation and occupation, establishing duty holders with statutory responsibilities for safety.
- (b) Requirements relating to the competence of those involved with buildings (including residents).
- (c) Means of enforcement for breach, including criminal sanctions, together with an extension of the limitation period for civil actions. A new Building Safety Regulator is established.
- (d) Financial costs relating to construction, in the form of a developer levy that must be paid before construction begins.

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It also impacts on a leaseholder's liability for the cost of remedial work.

The majority of the Building Safety Act relates to what are called "higher-risk buildings" (which at present are essentially tall residential or mixed-use buildings), but there are aspects of the legislation that apply to buildings that are not higher-risk buildings such as offices or hotels. Important parts of the Building Safety Act relating to recovery of costs of remediation works relate to a wider group of buildings.

The meaning of higher-risk buildings varies depending on whether the building is at the stage of design and construction or occupation, but the building at present will always be at least 18 metres in height or have at least seven (7) storeys. Buildings that are not higher-risk buildings such as office buildings and hotels and shorter residential and mixed-use buildings are nevertheless potentially subject to "Building liability orders" and "section 38 claims".

Building liability orders address the possibility that certain developers might escape civil liability for safety defects because they had carried out projects through shell companies or SPVs. Such an order may be granted by the courts to extend the specific liabilities of one body corporate to any of its associates and make them jointly and severally liable.

Section 38 claims are the rights for private individuals to claim damages where they suffer harm because work on a building has not met building regulations standards. This right is not limited to residential properties and it will apply to all buildings in England and Wales.

The Building Safety Act applies to England and Scotland although the provisions do differ between the three (3) countries.

The Building (Amendment) Regulations 2018 (as amended), as regulated by the Building Safety Regulator, introduced a ban on combustible material in and on the external walls of certain buildings (external walls and specified attachments must be constructed of materials achieving Class A2-s1, d0 or A1, when classified in accordance with BS EN 13501-1:2007+A1:2009). The scope of buildings covered now includes hotels. The ban is in respect of new hotels or hotels which undergo building works, which includes; erections and extensions and material alterations of existing buildings. Recladding works are very likely to fall within this definition.

Premises Licensing Regime

A premises licence is a licence granted under the Licensing Act 2003, as regulated by each local licensing authority in the United Kingdom, and is required for the sale of alcohol, provision of late-night refreshment (i.e. the sale of hot food and drink after 11pm) and the provision of regulated entertainment (which includes activities such as the performance of live music, providing facilities for dancing etc.). Licensing is dealt with by the local authority for the area where the premises are situated. Carrying out unauthorised licensed activities is a criminal offence. Breaching the terms of a premises licence can also result in the loss of the premises licence.

Marriage Certificates Requirements

Marriage certificates are required to authorise premises for the solemnisation of marriages under the Marriage Act 1949 and the registration of civil partnerships under the Civil Partnerships Act 2004, as regulated by each local licensing authority in the United Kingdom. The approval of premises is dealt with by the local authority for the area where the premises are situated. The solemnisation of marriages on unapproved premises is a criminal offence.

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Food Business Registrations

Premises that are used for preparing, cooking, storing, handling, distributing, supplying or selling food must be registered with the local authority for the area where the premises are situated at least 28 days prior to the commencement of operations, as regulated by the relevant local authority, the Food Standards Agency, or Food Standards Scotland where appropriate. Failure to comply with this requirement is a criminal offence under the Food Safety and Hygiene (England) Regulations 2013 (similar regulations apply in Scotland).

Other Fire Regulations, Environmental, Health and Safety

Other Fire Regulations

The Regulatory Reform (Fire Safety) Order 2005 (the “**RRO**”) places obligations on responsible persons in respect of fire safety, as regulated primarily by each local fire and rescue authority in the United Kingdom, the Health and Safety Executive or the relevant local authority where appropriate. The RRO requires responsible persons to take such general fire precautions as will ensure, so far as is reasonably practicable, the safety of their employees; and in relation to relevant persons who are not their employees, to take such general fire precautions as may reasonably be required in the circumstances to ensure that the premises are safe. This includes, but is not limited to, the requirement to undertake risk assessments, fire equipment testing, inspection and maintenance and emergency evacuation procedures and training.

Health and Safety

The Health and Safety at Work Act etc 1974 is the primary legislation regulating health and safety in the workplace, as regulated by the Health and Safety Executive or relevant local authority. This places a duty on employers to ensure, so far as is reasonably practicable, the health, safety and welfare at work of employees, and persons not in their employment who may be affected thereby. Where a person is in control of premises as part of a trade or business and such premises are made available to non-employees for their trade or business, the person in control must, so far as reasonably practicable, ensure the premises are safe for use. In addition a plethora of secondary regulations underpins health and safety compliance obligations. These include, but are not limited to: (a) display screen equipment; (b) manual handling; (c) working at height; (d) provision and use of work equipment; (e) electrical safety; (f) gas safety; (g) use of third party contractors; (h) control of substance hazardous to health; (i) lone working; and (j) stress at work.

Health and safety compliance is managed through the creation of a safe system of work. This comprises various aspects including the implementation of policies and procedures, risk assessments and method statements, instruction and training, monitoring and supervision.

Legionella: If you are an employer, or someone in control of premises, including landlords, you must take precautions to reduce the risk of exposure to legionella.

Reportable incidents: If a reportable incident occurs, submission of a report to the Health and Safety Executive is required under the Report of Incidents, Diseases and Dangerous Occurrences Regulations 2013, as regulated by the Health and Safety Executive or relevant local authority. Depending on the injured party, the obligation to report may fall on the employer or the entity in control of a premises.

Asbestos: The Control of Asbestos Regulations 2012, as regulated by the Health and Safety Executive or relevant local authority, impose a duty to manage asbestos in non-domestic properties i.e. by determining the presence, or likely presence, of any asbestos containing materials (“**ACMs**”), assessing the risk from any identified ACMs, managing this risk appropriately

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(including by maintaining an asbestos management plan) and implementing any necessary measures. The duty to manage falls on persons responsible for the maintenance and repair of a property. The use of ACMs for construction purposes was prohibited in 1999. As such, premises constructed after this date are generally considered not to contain ACMs.

Failure to comply with health and safety legislation can attract criminal liability, which on conviction can lead to the imposition of unlimited fines and the potential for imprisonment of individuals.

Food Safety and Food Hygiene

Operators of a food business must: (a) ensure compliance with a range of legislation relating to (amongst others): food safety, food preparation, traceability, hygiene standards, food labelling (including allergen labelling), food presentation, temperature control, and the disposal of waste; (b) implement food safety management procedures and appropriate record keeping; and (c) comply with rules relating to (amongst others) certification of kitchen equipment, installation and maintenance of gas appliances, ventilation, use of machinery, and pest control.

Failure to comply with the relevant food safety and hygiene regulations, as regulated by the relevant local authority, the Food Standards Agency, or Food Standards Scotland where appropriate, can result in regulatory enforcement action and civil claims can also be brought by those affected by the non-compliances.

Environmental

Waste: Anyone handling controlled waste has a duty of care (under the Environmental Protection Act 1990, as regulated by, (depending on the circumstances) a local enforcing authority, the Environment Agency, or SEPA) to take all reasonable steps to ensure that any controlled waste they produce/handle is not disposed of unlawfully (without a permit or in breach of any permit, or treated, kept or disposed of in a way that causes pollution or harm); does not escape from their control; and is only transferred to an authorised person with a written description that enables the transferee to know enough about the waste to deal with it properly. Relevant documents/records to demonstrating compliance with the duty of care are required to be held. Failure to comply with the waste duty of care is a criminal offence and can result in both an (unlimited) fine and/or imprisonment.

Trade Effluent Discharge Consents: Under the Water Industry Act 1991, a consent must be obtained (or an agreement entered into) with a local water and sewerage company (a “sewerage undertaker”) in order to discharge liquid effluent from trade or industrial premises into: (a) a public foul sewer; or (b) a private sewer that connects to a public foul sewer. The consent is given by the sewerage undertaker rather than by an environmental regulator (such as the Environment Agency or SEPA), however the environmental regulator is involved in certain circumstances, including for special category effluent and fines arising out of pollution events. Examples of trade effluent that businesses may produce are liquids resulting from their processes, washing substances, oils, solvents, chemicals, food, adhesives, inks or powders. Consents authorising the discharge of trade effluent are usually granted subject to conditions (i.e. controlling the volume and composition of the discharge).

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Employment Legislation

Employees benefit from protection from unfair dismissal and discrimination in treatment in relation to their selection and on-going employment. There are controls on the manner in which employees can be made redundant and as to payments to be made and notice given. There are requirements in relating to consultation in respect to both redundancy and business transfers. There are requirements imposed on successor businesses to preserve terms of employment. There are obligations relating to pensions and terms and conditions.

Data Protection Laws

The collection, use, disclosure, transfer, or other processing of any personal data regarding individuals in the European Union is subject to the European Union's General Data Protection Regulation which became effective on 25 May 2018 (the "**EU GDPR**"), as regulated by the European Data Protection Board. The EU GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including but not limited to requirements relating to processing health and other sensitive data, having a lawful basis for processing, which can include obtaining valid consent of the individuals to whom the personal data relates (if applicable), providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. The EU GDPR also imposes strict rules on the transfer of personal data to countries outside the European Union, including the United States of America, and permits data protection authorities to impose large penalties for violations of the EU GDPR, including potential fines of up to €20 million or 4% of annual global revenues, whichever is greater. The EU GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the EU GDPR. Compliance with the EU GDPR is a rigorous and time-intensive process that may increase the cost of doing business. However, non-compliance may result not only in the monetary fines mentioned but may also impact the operations and prospects of the business, or otherwise harm its reputation.

Following the United Kingdom's withdrawal from the European Union, the EU GDPR has been implemented in the United Kingdom (as the "**UK GDPR**"). The UK GDPR sits alongside the United Kingdom Data Protection Act 2018 ("**DPA 2018**") which implements certain derogations in the EU GDPR into United Kingdom law, as regulated by the Information Commissioner's Office. Under the UK GDPR, companies within the United Kingdom, as well as companies that are not established in the United Kingdom but who process personal data in relation to the offering of goods or services to individuals in the United Kingdom or process their data to monitor their behaviour, will be subject to the UK GDPR. At this time, the requirements of the DPA 2018 and the UK GDPR are largely aligned with those under the EU GDPR and as such, compliance with the applicable data protection laws in the United Kingdom may lead to similar compliance and operational costs with potential fines for non-compliance being up to £17.5 million or 4% of global turnover, whichever is higher.

On 8 March 2023, the United Kingdom's Government introduced the Data Protection and Digital Information (No. 2) Bill in Parliament, having withdrawn the previous version proposed. The United Kingdom Government advised that this new Bill aims to "seize the United Kingdom's opportunity post-Brexit", to reform the United Kingdom's current data protection laws to "drive innovation, growth and productivity" and that the Bill will "maintain the high data protection

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standards United Kingdom citizens expect while ensuring businesses, researchers and public services are not held back by disproportionate burdens”. The Bill, amongst other changes, proposes implementing a less prescriptive accountability framework, provides increased protection for controllers against vexatious or excessive data subject requests, and provides greater discretion for controllers when carrying out international transfers of data. This is still making its way through Parliament and is due to go to a third reading in the House of Commons in due course. Therefore, currently, data protection laws in the European Union and United Kingdom remain largely aligned.

Company Law Restrictions on Payments of Distributions

In the United Kingdom, companies may only make a distribution (being any dividend or other return of value) to its shareholder(s) out of ‘profits available for the purpose’. A company’s profits available for the purpose of a distribution are its ‘accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made’. A company determines whether it has any or sufficient profits available for distribution by reference to a set of accounts setting out the items by which the distributable reserves of the company are to be determined at a particular date.

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APPENDIX I – SUMMARY OF THE COMPANY’S CONSTITUTION

The discussion below provides information about certain provisions of the Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and the Constitution.

The instrument that constitutes and defines the Company is the Constitution.

The following summarises certain Articles of the Constitution relating to:

- (a) power of a Director to vote on a proposal, arrangement or contract in which he or she is interested:

Article 105

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

- (b) the remuneration of the Directors and power of a director to vote on remuneration (including pension or other benefits) for himself or herself or for any other director, and whether the quorum at a meeting of the board of directors to vote on directors’ remuneration may include the director whose remuneration is the subject of the vote:

Article 82

The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Article 83

- (A) *Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.*
- (B) *The remuneration (including any remuneration under Article 83(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.*

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Article 85

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Article 86

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 91

The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 101(D)

An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.

- (c) the borrowing powers exercisable by the Directors and how such borrowing powers may be varied:

Article 112

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The borrowing powers exercisable by the Directors under Article 112 of the Constitution may be varied by special resolution passed at a general meeting of shareholders of the Company.

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- (d) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in the Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

- (e) the shareholding qualification of a Director:

Article 81

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

- (f) the rights, preferences and restrictions attaching to each class of shares:

Article 54

Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days’ notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days’ notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such members who are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

- (a) *in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*
- (b) *in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,*

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on the Stock Exchange, at least 14 days’ notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.

Article 68

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:

- (a) *on a poll, have one vote for every share which he holds or represents; and*

APPENDIX I – SUMMARY OF THE COMPANY’S CONSTITUTION

- (b) *on a show of hands, have one vote, Provided always that:*
- (i) *in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*
 - (ii) *in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Article 13(C)

The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

Article 126

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 150

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

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- (g) any change in capital:

Article 7

Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

- (a) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 11(A) with such adaptations as are necessary shall apply; and*
- (b) *any other issue of shares, the aggregate of which would exceed the limits referred to in Article 11(B), shall be subject to the approval of the Company in General Meeting.*

Article 11

- (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 11(A).*
- (B) *Notwithstanding Article 11(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*
- (a) (i) *issue shares of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or*
- (ii) *make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

APPENDIX I – SUMMARY OF THE COMPANY’S CONSTITUTION

- (b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

Provided always that:

- (1) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;*
- (2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and*
- (3) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*
- (C) *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

Article 12

- (A) *The Company may by Ordinary Resolution:*

- (a) *consolidate and divide all or any of its shares;*
- (b) *subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*
- (c) *subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.*

- (B) *The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.*

APPENDIX I – SUMMARY OF THE COMPANY’S CONSTITUTION

Articles 13(A) and (B)

- (A) *The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*
- (h) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Article 9

Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

APPENDIX I – SUMMARY OF THE COMPANY’S CONSTITUTION

Article 10

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

- (i) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for the Shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

Article 124

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 125

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 126

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 127

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

APPENDIX I – SUMMARY OF THE COMPANY’S CONSTITUTION

Article 131

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

Article 134

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 137

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

- (j) any limitation on rights to hold Shares:

Singapore law and the Constitution do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to the Shares.

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NOTICE OF EXTRAORDINARY GENERAL MEETING



(Company Registration Number: 197300314D)
(Incorporated in the Republic of Singapore)

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular to shareholders dated 7 December 2023 issued by 3Cenergy Limited (“**Circular**”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of 3Cenergy Limited (the “**Company**”) will be held at Training Room 801, Level 8, NTUC Business Centre, One Marina Boulevard, Singapore 018989 on 26 December 2023 at 11.00 a.m. for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolutions:

Shareholders should note that:

- (i) Ordinary Resolutions 1, 2, 3, 4, 5, 7, 8, 16 and 17 (“**Key Resolutions**”) are inter-conditional upon each other; and
- (ii) Ordinary Resolutions 6, 9, 10, 11, 12, 13, 14, 15, 18 and 19 (the “**Conditional Resolutions**”) are conditional upon the passing of the Key Resolutions.

This means that:

- (a) if any of the Key Resolutions is not passed, the other Key Resolutions would not be duly passed; and
- (b) if any of the Key Resolutions is not passed, all the Conditional Resolutions would not be duly passed.

ORDINARY RESOLUTION 1: THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF DTP INFINITIES LIMITED

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) approval be and is hereby given for the Company to undertake the Proposed Acquisition in accordance with the terms of the SPA; and
- (2) the Directors be and are hereby authorised to (a) carry out and implement the Proposed Acquisition in accordance with the SPA; and (b) complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 1 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2: THE PROPOSED SHARE CONSOLIDATION OF EVERY ONE HUNDRED (100) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) in connection with the Proposed Share Consolidation, all Shares in the Company in issue as at the Share Consolidation Record Date be and are consolidated by consolidating every one hundred (100) Shares held by each Shareholder as at the Share Consolidation Record Date into one (1) Consolidated Share with effect from the Effective Trading Date (or such other date to be fixed by the Directors) and in the manner set out in the Circular;
- (2) any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (1) above shall be disregarded; and
- (3) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 2 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 3: THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the proposed allotment and issuance to the Seller of an aggregate of up to 1,344,870,969 Consideration Shares, credited as fully paid-up, at the Issue Price of S\$0.33 per Consideration Share on terms and subject to the conditions set out in the SPA, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 3 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 4: THE PROPOSED ALLOTMENT AND ISSUANCE OF CONVERSION SHARES

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the proposed allotment and issuance to the Seller of an aggregate of up to 21,212,121 Conversion Shares, credited as fully paid-up, at the Issue Price of S\$0.33 per Conversion Share on terms and subject to the conditions set out in the SPA, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 4 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 5: THE PROPOSED ALLOTMENT AND ISSUANCE OF PCL LOAN CONVERSION SHARES

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the proposed allotment and issuance to Phileo Capital Limited of an aggregate of up to 757,575 PCL Loan Conversion Shares, credited as fully paid-up, at the Issue Price of S\$0.33 per Share on terms and subject to the conditions set out in the SPA, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 5 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 6: THE PROPOSED ALLOTMENT AND ISSUANCE OF PPCF SHARES

THAT subject to and contingent upon the passing of all of the Key Resolutions:

- (1) the proposed allotment and issuance to PPCF of an aggregate of 1,970,000 PPCF Shares, credited as fully paid-up, at the Issue Price of S\$0.33 per Share on terms and subject to the conditions set out in the SPA, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 6 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 7: THE PROPOSED DISPOSAL

THAT subject to and contingent upon the passing of the other Key Resolutions.

- (1) approval be and is hereby given for the Company to undertake the Proposed Disposal in accordance with the terms of the Disposal SPAs; and
- (2) the Directors be and are hereby authorised (a) to carry out and implement the Proposed Disposal in accordance with the Disposal SPAs; and (b) to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 7 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 8: THE PROPOSED COMPLIANCE PLACEMENT

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the Directors be and are hereby authorised to allot and issue up to 211,000,000 Company Placement Shares at an issue price to be determined based on, amongst others, the market conditions as well as the demand during book-building process, provided that such issue price shall not be less than S\$0.20, in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 8 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 9: THE APPOINTMENT OF MR. BUNYONG VISATEMONGKOLCHAI AS A DIRECTOR TO THE PROPOSED NEW BOARD

THAT subject to and contingent upon the passing of all of the Key Resolutions and Closing, Mr. Bunyong Visatemongkolchai be and is hereby appointed as a director of the Company with effect from Closing.

ORDINARY RESOLUTION 10: THE APPOINTMENT OF MR. HANSA SUSAYAN AS A DIRECTOR TO THE PROPOSED NEW BOARD

THAT subject to and contingent upon the passing of all of the Key Resolutions and Closing, Mr. Hansa Susayan be and is hereby appointed as a director of the Company with effect from Closing.

ORDINARY RESOLUTION 11: THE APPOINTMENT OF MR. IQBAL JUMABHOY AS A DIRECTOR TO THE PROPOSED NEW BOARD

THAT subject to and contingent upon the passing of all of the Key Resolutions and Closing, Mr. Iqbal Jumabhoj be and is hereby appointed as a director of the Company with effect from Closing.

ORDINARY RESOLUTION 12: THE APPOINTMENT OF MRS. SASINAN ALLMAND AS A DIRECTOR TO THE PROPOSED NEW BOARD

THAT subject to and contingent upon the passing of all of the Key Resolutions and Closing, Mrs. Sasinan Allmand be and is hereby appointed as a director of the Company with effect from Closing.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 13: THE APPOINTMENT OF MR. LEE KWAI SENG AS A DIRECTOR TO THE PROPOSED NEW BOARD

THAT subject to and contingent upon the passing of all of the Key Resolutions and Closing, Mr. Lee Kwai Seng be and is hereby appointed as a director of the Company with effect from Closing.

ORDINARY RESOLUTION 14: THE APPOINTMENT OF MR. CHRISTOPHER TANG KOK KAI AS A DIRECTOR TO THE PROPOSED NEW BOARD

THAT subject to and contingent upon the passing of all of the Key Resolutions and Closing, Mr. Christopher Tang Kok Kai be and is hereby appointed as a director of the Company with effect from Closing.

ORDINARY RESOLUTION 15: THE APPOINTMENT OF MR. CHIEW CHUN WEE AS A DIRECTOR TO THE PROPOSED NEW BOARD

THAT subject to and contingent upon the passing of all of the Key Resolutions and Closing, Mr. Chiew Chun Wee be and is hereby appointed as a director of the Company with effect from Closing.

ORDINARY RESOLUTION 16: THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A GENERAL OFFER FROM THE SELLER AND PARTIES ACTING IN CONCERT WITH IT

That subject to and contingent upon the passing of the other Key Resolutions, the Independent Shareholders of the Company, hereby, on a poll taken, unconditionally and irrevocably waive their right under Rule 14 of the Singapore Code on Take-Overs and Mergers to receive a general offer from the Seller and parties acting in concert with it, for all the shares in the capital of the Company not already owned, controlled or agreed to be acquired by the Seller, as a result of the allotment and issuance of the Consideration Shares and Conversion Shares upon Closing.

ORDINARY RESOLUTION 17: THE PROPOSED CHANGE OF CORE BUSINESS

That subject to and contingent upon the passing of the other Key Resolutions and Closing:

- (1) approval be and is hereby granted for the Company for the Proposed Change of Core Business subject to compliance with the Catalist Rules requiring approval from shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time, any such assets, businesses, investments and shares/interests in any entity that is in the Enlarged Group for the purpose of or in connection with the Proposed Change of Core Business on such terms and conditions as the Directors deem fit; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to any such investment, purchase, acquisition or disposal or to this Ordinary Resolution 17 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 18: THE PROPOSED NEW SHARE ISSUE MANDATE

That subject to and contingent upon the passing of all of the Key Resolutions and Closing:

- (1) the Proposed New Share Issue Mandate be and is hereby approved and that authority be and is hereby given to each of the Directors pursuant to Section 161 of the Companies Act and subject to and in accordance with the terms of the Constitution, to allot and issue Shares at any time and upon such terms and conditions, and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of new Shares to be issued pursuant to such authority shall not exceed 100% of the then existing issued share capital of the Company, and that the aggregate number of shares to be issued other than on a pro-rata basis to the then existing Shareholders shall not exceed 50% of the then existing issued share capital of the Company, and, unless revoked or varied by the Shareholders in general meeting, such authority shall continue in full force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 18 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 19: THE PROPOSED CHANGE OF AUDITORS

That subject to and contingent upon the passing of all of the Key Resolutions and Closing:

- (1) the resignation of Mazars LLP as the auditors be and is hereby noted and that KPMG LLP, having consented to act, be and are hereby appointed as the auditors in place of Mazars LLP, to hold office until the conclusion of the next annual general meeting of the Company at a fee and on such terms as may be agreed by the Directors with KPMG LLP; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 19 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

EXPLANATORY NOTES:

DISCLOSURE PURSUANT TO RULE 712(3) OF CATALIST RULES

Shareholders should note that in accordance with the requirements of Rule 712(3) of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited (“**Catalist Rules**”):

- (a) Rule 712(3)(a) – Confirmation from the outgoing auditors

The outgoing auditor, Mazars LLP, via its professional clearance letter dated 19 September 2023, has confirmed that they are not aware of any professional reasons why KPMG LLP should not accept appointment as auditors of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) Rule 712(3)(b) – Confirmation from the issuer as to whether there were disagreements with the outgoing auditors

The Company confirms that there were no disagreements with Mazars LLP on accounting treatments within the last twelve (12) months.

- (c) Rule 712(3)(c) – Confirmation from the issuer on circumstances connected with the change

The Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in the Circular.

- (d) Rule 712(3)(d) – Specific reasons for the change of auditors

The Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 11.1 of the Circular titled “*Background and Rationale for the Proposed Change of Auditors*”. The Proposed Change of Auditors was not due to the dismissal of Mazars LLP, Mazars LLP declining to stand for re-election or any direction by SGX-ST for the existing auditors of the Company to be replaced under Rule 305(1)(eb) of the Catalist Rules.

- (e) Rule 712(3)(e) – Compliance with Rule 712 and Rule 715

The Company confirms that it complies with Rule 712 and Rule 715 of the Catalist Rules in relation to the proposed appointment of KPMG LLP as the new auditors of the Company.

NOTES:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf.
2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

“Relevant intermediary” has the meaning as ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore (the “**Act**”).

3. A proxy need not be a Shareholder.
4. The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's polling agent, **Complete Corporate Services Pte Ltd** at **10 Anson Road #29-07 International Plaza, Singapore 079903**, or emailed to: 3cenergy-egm@complete-corp.com not less than 72 hours before the time appointed for holding the meeting. If a member submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.

NOTICE OF EXTRAORDINARY GENERAL MEETING

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act of 1967.
8. An investor who buys shares using CPF monies and/or SRS monies (“**CPF and SRS Investors**”) (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE EGM

All documents and information relating to the business of the EGM (comprising the Circular, together with the enclosed Notice of EGM and the accompanying Proxy Form) are available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <http://www.3cenergy.com.sg/>.

SUBMISSION OF QUESTIONS PRIOR TO EGM

Shareholders (including CPF and SRS Investors) who have any questions in relation to any agenda item of this notice, are also encouraged to send their questions to the Company in advance, by 15 December 2023, via email to 3cenergy-egm@complete-corp.com or by post to **82 Ubi Avenue 4, #05-04 Edward Boustead Centre, Singapore 408832** (“**Questions Deadline**”). When submitting questions, shareholders should provide their details including full name, NRIC/Passport/Company Registration No., contact number and email address for verification purposes. Questions must be submitted not later than Questions Deadline so that relevant and substantial queries may be addressed during the EGM proceedings.

The Company will endeavour to upload the Company’s responses to all substantial and relevant questions from shareholders on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <http://www.3cenergy.com.sg/> 48 hours prior to the closing date and time for lodgement of the proxy forms, i.e., by 11.00 a.m. on 21 December 2023. The Company will address those substantial and relevant questions related to the resolutions to be tabled for approval at the EGM, which have not already been addressed prior to the EGM, during the EGM proceedings itself and through the publication of the minutes of the EGM on SGXNet and the Company’s website within one (1) month after the date of EGM.

Shareholders or their corporate representative must state his/her full name, identification/ registration number and whether he/she is a shareholder or a corporate representative of a corporate shareholder. Any question without the identification details will not be addressed.

ATTENDANCE AT THE EGM

Due to the limited sitting capacity of the venue, only shareholders whose names appear in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM or the appointed proxy or proxies shall be entitled to attend the EGM of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guideline (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

By order of the Board of Directors

Ong Pai Koo @ Sylvester
Independent Non-Executive Chairman

Singapore
7 December 2023

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

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PROXY FORM

3CENERGY LIMITED

(Registration No. 197300314D)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

Important:	
1.	1.A member who is a relevant intermediary (as defined in Section 181(6) of the Companies Act 1967) may appoint more than 2 proxies to attend, speak and vote at the Extraordinary General Meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by the member (which number and class of shares must be specified).
2.	For CPF/SRS investors who have used their CPF monies to buy 3Cnergy Limited's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding appointment of their proxies.
3.	By submitting an instrument appointing proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 December 2023.

I/We, _____ (Name) NRIC/Passport/Co. Reg
No _____ of _____ (Address)
being a member/members* of 3Cnergy Limited (the "Company") hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%
*and/or				

or failing *him/her/they, the Chairman of the Extraordinary General Meeting ("EGM" or the "Meeting"), as my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held at Training Room 801, Level 8, NTUC Business Centre, One Marina Boulevard, Singapore 018989 on **26 December 2023 at 11.00 a.m.** (Singapore time) and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to exercise all your shares to be voted "For" or "Against" the relevant resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish to abstain from voting on a resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate number of shares to be voted "For" and/or "Against" or to abstain from voting for each resolution in the space provided. If no specific direction as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/her/their discretion.)

No.	Resolution	For ⁽¹⁾	Against ⁽¹⁾	Abstain ⁽¹⁾
1.	Ordinary Resolution 1: To approve the Proposed Acquisition of the entire issued share capital of DTP Infinities Limited			
2.	Ordinary Resolution 2: To approve the Proposed Share Consolidation every one hundred (100) ordinary shares into one (1) Consolidated Share			
3.	Ordinary Resolution 3: To approve the Proposed Allotment and Issuance of the Consideration Shares			
4.	Ordinary Resolution 4: To approve the Proposed Allotment and Issuance of Conversion Shares			
5.	Ordinary Resolution 5: To approve the Proposed Allotment and Issuance of PCL Loan Conversion Shares			
6.	Ordinary Resolution 6: To approve the Proposed Allotment and Issuance of PPCF Shares			
7.	Ordinary Resolution 7: To approve the Proposed Disposal			
8.	Ordinary Resolution 8: To approve the Proposed Compliance Placement			
9.	Ordinary Resolution 9: To approve the appointment of MR. BUNYONG VISATEMONGKOLCHAI as a director to the Proposed New Board with effect from Closing			
10.	Ordinary Resolution 10: To approve the appointment of MR. HANSA SUSAYAN as a director to the Proposed New Board with effect from Closing			
11.	Ordinary Resolution 11: To approve the appointment of MR. IQBAL JUMABHOY as a director to the Proposed New Board with effect from Closing			
12.	Ordinary Resolution 12: To approve the appointment of MRS. SASINAN ALLMAND as a director to the Proposed New Board with effect from Closing			
13.	Ordinary Resolution 13: To approve the appointment of MR. LEE KWAI SENG as a director to the Proposed New Board with effect from Closing			
14.	Ordinary Resolution 14: To approve the appointment of MR. CHRISTOPHER TANG KOK KAI as a director to the Proposed New Board with effect from Closing			
15.	Ordinary Resolution 15: To approve the appointment of MR. CHIEW CHUN WEE as a director to the Proposed New Board with effect from Closing			
16.	Ordinary Resolution 16: To approve the Proposed Whitewash Resolution for the waiver by independent shareholders of their rights to receive a general offer from the Seller and parties acting in concert with it			
17.	Ordinary Resolution 17: To approve the Proposed Change of Core Business			
18.	Ordinary Resolution 18: To approve the Proposed New Share Issue Mandate			
19.	Ordinary Resolution 19: To approve the Proposed Change of Auditors			

(1) If you wish to abstain or exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

* Delete where inapplicable

Dated this _____ day of _____ 2023

Total Number of Shares in:	No. of Shares
(i) CDP Register	
(ii) Register of Members	
Total	

Signature(s) of Member(s) or Common Seal

NOTES TO PROXY FORM:

1. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the extraordinary general meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead.
3. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

"Relevant intermediary" has the meaning as ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore (the "**Act**").

4. A proxy need not be a Shareholder.
5. The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be;
 - (a) deposited at the office of the Company's polling agent, **Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903**; or
 - (b) emailed to: 3cenergy-egm@complete-corp.com

not less than 72 hours before the time appointed for holding the meeting. If a member submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.
9. An investor who buys shares using CPF monies and/or SRS monies ("**CPF and SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
11. Any reference to a time of day is made by reference to Singapore time.

Personal Data Privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guideline (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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