



**Unaudited Condensed Interim Financial Information
For the Second Half and Financial Year
Ended 31 December 2022**

HOTEL ROYAL LIMITED

Incorporated in the Republic of Singapore

Company Registration Number - 196800298G

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**INTERIM FINANCIAL INFORMATION
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

**STATEMENT OF FINANCIAL POSITION
For the financial year ended 31 December**

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 22</u>	<u>31 Dec 21*</u>	<u>31 Dec 22</u>	<u>31 Dec 21</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
ASSETS					
Current assets					
Cash and bank balances		47,023	29,139	33,444	19,287
Financial assets at fair value through profit or loss	4	3,834	3,898	1,866	1,477
Financial assets at fair value through other comprehensive income	5	6,190	8,986	777	1,660
Trade receivables	6	1,925	3,381	356	603
Other receivables, deposits and prepaid expenses	7	1,758	3,368	154	167
Inventories		716	918	95	269
Income tax recoverable		83	30	-	-
Total current assets		61,529	49,720	36,692	23,463
Non-current assets					
Subsidiaries		-	-	227,769	206,623
Other assets		740	529	53	61
Financial assets at fair value through other comprehensive income	5	18,581	18,478	15,500	15,528
Property, plant and equipment	8	644,157	615,647	239,863	221,130
Investment properties	9	101,318	109,772	22,027	22,138
Total non-current assets		764,796	744,426	505,212	465,480
Total assets		826,325	794,146	541,904	488,943
LIABILITIES AND EQUITY					
current liabilities					
Bank loans	10	21,375	29,709	720	720
Trade payables		4,074	4,355	2,188	1,922
Other payables	11	4,723	4,591	2,708	3,604
Current income tax liabilities		1,195	715	842	447
Derivative financial instruments		-	-	-	-
Total current liabilities		31,367	39,370	6,458	6,693
Non-current liabilities					
Other payables	11	35	27	14,602	33,014
Retirement benefit obligations		359	291	-	-
Long-term bank loans	10	152,930	166,422	70,947	72,404
Deferred tax liabilities		10,515	11,488	723	841
Total non-current liabilities		163,839	178,228	86,272	106,259
Capital and reserves					
Share capital	12	190,836	150,665	190,836	150,665
Asset revaluation reserve		372,300	338,010	214,508	194,308
Employee benefit reserve		15	32	-	-
Fair value reserve		16,217	17,645	14,540	14,435
Translation reserve		(14,133)	(2,190)	-	-
Retained earnings		65,884	72,386	29,290	16,583
Total equity		631,119	576,548	449,174	375,991
Total liabilities and equity		826,325	794,146	541,904	488,943

* Certain comparative figures have been restated. Please refer to Note 24 for further details.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the second half and financial year ended 31 December

		<u>The Group</u>					
	<u>Notes</u>	<u>6 months</u> <u>ended 31</u> <u>December</u> <u>2022</u> <u>\$'000</u>	<u>6 months</u> <u>ended 31</u> <u>December</u> <u>2021*</u> <u>\$'000</u>	<u>+ / (-)</u> <u>%</u>	<u>12 months</u> <u>ended 31</u> <u>December</u> <u>2022</u> <u>\$'000</u>	<u>12 months</u> <u>ended 31</u> <u>December</u> <u>2021*</u> <u>\$'000</u>	<u>+ / (-)</u> <u>%</u>
Revenue	13	25,075	14,879	68.5	41,890	26,280	59.4
Cost of sales		(13,872)	(11,617)	19.4	(24,749)	(21,199)	16.7
Gross profit		11,203	3,262	>100	17,141	5,081	>100
Other income							
- Bargain purchase gain arising from acquisition of business	23	-	(85)	n.m.	-	8,328	n.m.
- Miscellaneous income	14	3,376	10,988	(69.3)	3,765	12,190	(69.1)
Distribution and marketing expenses		(584)	(306)	90.8	(939)	(605)	55.2
Administrative expenses		(5,942)	(5,993)	0.9	(11,262)	(10,560)	6.6
Other expenses							
- Expenses relating to acquisition of business	23	-	(2)	n.m.	-	(3,986)	n.m.
- Miscellaneous expenses	15	(3,137)	(6,827)	(54.1)	(5,842)	(9,643)	(39.4)
Finance expenses	16	(3,429)	(2,248)	52.5	(5,797)	(4,163)	39.3
Profit (Loss) before income tax	17	1,487	(1,211)	n.m.	(2,934)	(3,358)	(12.6)
Income tax expense	18	(1,067)	(293)	>100	(505)	(368)	37.2
Profit (Loss) for the financial period, attributable to the owners of the Company		420	(1,504)	n.m.	(3,439)	(3,726)	(7.7)

n.m. : not meaningful

* Certain comparative figures have been restated. Please refer to Note 24 for further details.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the full year ended 31 December

The Group

	<u>6 months</u> <u>ended 31</u> <u>December</u>	<u>6 months</u> <u>ended 31</u> <u>December</u>		<u>12 months</u> <u>ended 31</u> <u>December</u>	<u>12 months</u> <u>ended 31</u> <u>December</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021*</u> <u>\$'000</u>	<u>+ / (-)</u> <u>%</u>	<u>2022</u> <u>\$'000</u>	<u>2021*</u> <u>\$'000</u>	<u>+ / (-)</u> <u>%</u>
Profit (Loss) for the period	420	(1,504)	n.m.	(3,439)	(3,726)	(7.7)
Other comprehensive income (loss):						
<i>Items that may be reclassified to profit or loss in subsequent periods</i>						
Currency translation differences on consolidation of foreign entities (net)	(5,549)	(3,626)	53.0	(11,943)	(7,049)	69.4
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>						
Net fair value gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(28)	410	n.m.	(1,971)	1,527	n.m.
Re-measurement of defined benefit obligation	(15)	(132)	(88.6)	(17)	(148)	(88.5)
Increase (Decrease) in valuation of freehold land - hotels	34,290	(44,000)	n.m.	34,290	(44,000)	n.m.
	34,247	(43,722)	n.m.	32,302	(42,621)	n.m.
Other comprehensive income (loss) for the period, net of tax	28,698	(47,348)	n.m.	20,359	(49,670)	n.m.
Total comprehensive income (loss) for the period attributable to owners of the Company	29,118	(48,852)	n.m.	16,920	(53,396)	n.m.

* Certain comparative figures have been restated. Please refer to Note 24 for further details.

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December

Group	Share capital \$'000	Asset revaluation reserve \$'000	Employee benefit reserve \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2021*	150,665	382,010	180	17,272	4,859	77,478	632,464
<i>Total comprehensive income (loss) for the financial period</i>							
Loss for the period	-	-	-	-	-	(3,726)	(3,726)
Other comprehensive (loss) income for the period	-	(44,000)	(148)	373	(7,049)	1,154	(49,670)
Total	-	(44,000)	(148)	373	(7,049)	(2,572)	(53,396)
<i>Transactions with owners recognised directly in equity</i>							
Dividends paid (Note 19)	-	-	-	-	-	(2,520)	(2,520)
Balance at 31 December 2021*	150,665	338,010	32	17,645	(2,190)	72,386	576,548
Balance at 1 January 2022*	150,665	338,010	32	17,645	(2,190)	72,386	576,548
<i>Total comprehensive income (loss) for the financial period</i>							
Loss for the period	-	-	-	-	-	(3,439)	(3,439)
Other comprehensive income (loss) for the period	-	34,290	(17)	(1,428)	(11,943)	(543)	20,359
Total	-	34,290	(17)	(1,428)	(11,943)	(3,982)	16,920
<i>Transactions with owners recognised directly in equity</i>							
Dividends paid (Note 19)	-	-	-	-	-	(2,520)	(2,520)
Issuance of share capital	40,171	-	-	-	-	-	40,171
Total	40,171	-	-	-	-	(2,520)	37,651
Balance at 31 December 2022	190,836	372,300	15	16,217	(14,133)	65,884	631,119

* Certain comparative figures have been restated. Please refer to Note 24 for further details.

STATEMENTS OF CHANGES IN EQUITY (Continued)
For the financial year ended 31 December

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December

	<u>Notes</u>	<u>The Group</u>	
		<u>2022</u>	<u>2021</u>
		<u>\$'000</u>	<u>\$'000</u>
Cash flows from operating activities			
Loss before income tax		(2,934)	(3,358)
Dividend income		(363)	(360)
Interest income		(41)	-
Depreciation expense		7,002	7,645
Finance expenses		5,797	4,163
Gain on disposal of investment properties		-	(9,920)
Net fair value loss on financial assets at fair value through profit or loss		683	11
Allowance for doubtful receivables		193	154
Bargain purchase gain arising from acquisition of business	23	-	(8,328)
Impairment loss on property, plant and equipment		-	7,209
Write back of impairment loss on property, plant and equipment		(2,755)	-
Impairment loss on investment properties		1,998	-
Write back of impairment loss on investment properties		-	(96)
Write back of allowance for doubtful receivables		(265)	(222)
Bad debts		204	-
Fair value gain on derivative financial instruments		-	(196)
Operating profit (loss) before working capital changes		9,519	(3,298)
Changes in working capital:			
Inventories		179	79
Trade and other receivables		2,398	6,307
Financial assets at fair value through profit or loss		(618)	(1,362)
Trade and other payables		214	293
Cash generated from operations		11,692	2,019
Dividend income received		363	360
Interest paid on borrowings and lease liabilities		(5,797)	(4,163)
Interest income received		41	-
Income tax paid		(588)	(1,249)
Net cash from (used in) operating activities		5,711	(3,033)
Cash flows from investing activities			
Purchase of financial assets at fair value loss through other comprehensive income		(599)	(3,139)
Proceeds from disposal of investments		1,320	3,316
Purchase of property, plant and equipment		(8,860)	(2,437)
Cash outflow on acquisition	23	-	(56,484)
Improvements to investment property		(1,362)	(7,048)
Proceeds from disposal of investment property		-	10,739
Net cash used in investing activities		(9,501)	(55,053)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the full year ended 31 December (Continued)

	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash flows from financing activities		
Payment of dividends to members of the Company	(2,520)	(2,520)
Proceeds from bank loans	12,932	90,195
Repayment of borrowings	(28,412)	(16,345)
Proceeds from rights issue	40,171	-
Fixed deposits pledged to banks	(1,310)	17
Net cash from financing activities	<u>20,861</u>	<u>71,347</u>
Net increase in cash and cash equivalents	17,071	13,261
Cash and cash equivalents at beginning of the period	28,103	15,149
Effects of currency translation on cash and cash equivalents	(402)	(307)
Cash and cash equivalents at end of the period	<u>44,772</u>	<u>28,103</u>

Cash and cash equivalents consist of:

	<u>Group</u>	
	<u>As at 31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash on hand	124	113
Cash at bank	13,069	16,703
Fixed deposits	33,830	12,323
	<u>47,023</u>	<u>29,139</u>
Less: Fixed deposits pledged	(2,251)	(1,036)
Total	<u>44,772</u>	<u>28,103</u>

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hotel Royal Limited (the “Company”) is incorporated and domiciled in Singapore.

These condensed interim financial statements as at and for the second half and financial year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are:

- (a) owning and operating hotels and providing ancillary services (“hotel operation”);
- (b) owning and letting out investment properties (“property investment”); and
- (c) holding financial investments which comprise financial assets such as shares, bonds, funds and other financial products, to generate a stable stream of income through interest and dividends, and also for potential capital appreciation (“financial investment”)

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

The condensed financial statements of the Group and the Company for the second half and financial year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements of the Group and the Company do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the period ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.4.

The condensed interim financial statements of the Group and the Company are presented in Singapore dollar which is the Company’s functional currency.

2.2 *Basis of measurement*

The interim financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below.

The interim financial statements have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

2.3 *Uses of estimates and judgements*

In preparing the condensed interim financial statements of the Group and the Company, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that any instances of application of judgements are not expected to have significant effect on the amounts recognised in the financial statements (apart from those involving estimates which are dealt with below).

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 reporting period are included in the following notes:

- Note 8 - Freehold hotel land at revalued amounts
- Note 8 - Impairment of leasehold land, hotel building and building improvements (“leasehold land and hotel buildings”) and investment properties
- Note 23 - Acquisition of subsidiary: the fair value of the consideration transferred (including contingent consideration) and the fair value of the assets acquired and liabilities assumed, measured on a provisional basis

Measurement of fair value

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

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

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

2.4 *New and amended standards adopted by the Group*

On 1 January 2022, the Group and the Company adopted all the revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new and revised SFRS(I) pronouncements does not result in changes to the Group’s and the Company’s accounting policies and has no material financial effect on the amounts reported for the current or prior years.

3. SEASONAL OPERATIONS

The Group’s businesses are generally not affected significantly by seasonal or cyclical factors during the financial period. However, the Group’s operations and performance will continue to vary from period to period, depending on the conditions of the hospitality and leisure industry in the countries in which the Group operates.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

The Group designated the investments shown below as at FVTPL because these represent investments that offer the Group the opportunity for return through dividend income and fair value gains.

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Quoted bonds	3,834	3,887	1,866	1,466
Unquoted managed funds	-	11	-	11
	<u>3,834</u>	<u>3,898</u>	<u>1,866</u>	<u>1,477</u>

The investments above offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Unquoted managed funds are measured at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*, as they represent an identified portfolio of investments which the group manages together with an intention of profit taking when the opportunity arises.

Changes in the fair value of financial assets at fair value through profit or loss, amounting to net loss of \$683,000 (2021: net loss of \$11,000) have been included in profit or loss for the year as part of “other expenses” (2021: “other expenses”).

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

The Group designated the investments shown below as equity investments as at FVTOCI because these equity investments represent investments that the Group intends to hold for the medium to long-term for strategic purposes.

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Current assets</i>				
Quoted equity shares	5,621	8,127	777	1,660
Structured products	569	859	-	-
	<u>6,190</u>	<u>8,986</u>	<u>777</u>	<u>1,660</u>
<i>Non-current assets</i>				
Quoted equity shares	3,656	3,553	575	603
Unquoted equity shares	14,925	14,925	14,925	14,925
	<u>18,581</u>	<u>18,478</u>	<u>15,500</u>	<u>15,528</u>
Total	<u>24,771</u>	<u>27,464</u>	<u>16,277</u>	<u>17,188</u>

The investments above offer the Group the opportunity for return through dividend income and fair value gains.

The financial assets held at fair value through other comprehensive income presented as current assets are those held in investment accounts managed on behalf of the Group by professional fund managers and subject to changes in components of investments within the portfolio. The financial assets held at fair value through other comprehensive income presented as non-current assets are those managed directly by the Group and are held for long term investments.

These investments in equity instruments are not held for trading. Instead, they are held as long-term investment. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Financial assets at fair value through other comprehensive income consist of current and non-current portion.

Fair value measurement

The Group and the Company determines fair values of financial assets and financial liabilities in the following manner:

- (a) *Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments.

- (b) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

The following financial assets are measured at fair value at the end of each reporting period. Fair values belong to the following levels in the fair value hierarchy.

	<u>Level 1</u>		<u>Level 3</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>The Group</u>				
Financial assets at fair value through profit or loss:				
- Quoted bonds	3,834	3,887	-	-
- Unquoted managed funds	-	-	-	11
<hr/>				
Financial assets at fair value through other comprehensive income:				
- Quoted equity shares	9,277	11,680	-	-
- Structured products	-	-	569	859
- Unquoted equity shares	-	-	14,925	14,925
<hr/>				
<u>The Company</u>				
Financial assets at fair value through profit or loss:				
- Quoted bonds	1,866	1,466	-	-
- Unquoted managed funds	-	-	-	11
<hr/>				
Financial assets at fair value through other comprehensive income:				
- Quoted equity shares	1,352	2,263	-	-
- Unquoted equity shares	-	-	14,925	14,925
<hr/>				

Fair values of investments classified as Level 1 of the fair value hierarchy are based on publicly available quoted prices. Level 3 investments are measured based on net assets of the unquoted funds as provided by the fund managers and measured based on adjusted net assets of the unquoted equity shares. There is no investment falling within Level 2 of the fair value hierarchy.

Reconciliation of Level 3 fair value measurement:

	Financial assets at FVTPL (Unquoted managed funds) \$'000	Financial assets at FVTOCI (Unquoted managed funds and equity shares) \$'000	Total \$'000
<u>2022</u>			
<u>Group</u>			
Opening balance	11	15,784	15,795
Sales	(11)	-	(11)
Total gains or loss:			
- In profit or loss *	-	-	-
- In other comprehensive income	-	(290)	(290)
Closing balance	-	15,494	15,494
<u>Company</u>			
Opening balance	11	14,925	14,936
Sales	(11)	-	(11)
Total gains or loss:			
- In profit or loss *	-	-	-
- In other comprehensive income	-	-	-
Closing balance	-	14,925	14,925
	Financial assets at FVTPL (Unquoted managed funds) \$'000	Financial assets at FVTOCI (Unquoted equity shares) \$'000	Total \$'000
<u>2021</u>			
<u>Group</u>			
Opening balance	10	14,694	14,704
Addition	-	859	859
Total gains or loss:			
- In profit or loss *	1	-	1
- In other comprehensive income	-	231	231
Closing balance	11	15,784	15,795
<u>Company</u>			
Opening balance	9	14,694	14,703
Total gains or loss:			
- In profit or loss *	2	-	2
- In other comprehensive income	-	231	231
Closing balance	11	14,925	14,936

* Included as part of “other income” or “other expense” in profit or loss.

Gains and losses included in other comprehensive income relate to unlisted shares held at the end of the reporting period and are reported as changes of “fair value reserves”.

6. TRADE RECEIVABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	2,188	3,764	356	739
Related parties ⁽¹⁾	33	18	-	-
Total	2,221	3,782	356	739
Less: Loss allowance	(296)	(401)	-	(136)
	1,925	3,381	356	603

(19) Entities in which certain directors of the Company have equity interest, hold significant influence and are key management personnel of the entities.

7. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Outside parties	539	1,188	87	63
Refundable deposits	562	517	-	-
Prepaid expenses	657	1,600	67	64
Government grant receivables	-	63	-	40
	1,758	3,368	154	167

8. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 31 Dec 2022, the Group incurred additional upgrading costs amounting to \$8,860,000 (31 Dec 2021: \$67,249,000) and disposed of assets amounting to \$342,000 (Dec 2021: \$62,000)

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

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings classified as property, plant and equipment and investment properties ("Group's properties"), on an annual basis and whenever their carrying amounts are likely to differ materially from their revalued amounts, based on the properties' highest and best use.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2022 and 2021, the fair value measurement of the Group's properties is classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the financial year.

In determining fair values, the valuers have used valuation techniques (including direct comparison method, income capitalisation method and discounted cash flow method) which involve certain estimates and significant unobservable inputs. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the properties. Income capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows.

9. INVESTMENT PROPERTIES

The Group's investment properties consist of both commercial and industrial properties, held for long-term rental yields and capital appreciation and are not occupied by the Group. They are leased to third parties under operating leases.

	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Cost</i>		
Beginning of financial year	134,030	131,792
Improvements	1,362	7,048
Disposals	-	(1,441)
Currency translation differences	(8,265)	(3,369)
End of year	127,127	134,030
<i>Accumulated depreciation and impairment losses</i>		
Beginning of financial year	24,257	24,087
Depreciation charge for the year	1,300	1,562
Disposals	-	(622)
Impairment loss (Reversal of impairment loss)	1,998	(96)
Currency translation differences	(1,746)	(673)
End of year	25,809	24,258
Net book value	101,318	109,772

	<u>The Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Cost</i>		
Beginning of financial year and end of year	25,961	25,961
<i>Accumulated depreciation</i>		
Beginning of financial year	3,823	3,471
Depreciation charge for the year	111	352
End of year	3,934	3,823
Net book value	22,027	22,138

10. BANK LOANS

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Amount repayable within one year or on demand				
Secured	21,375	29,709	720	720
Unsecured	-	-	-	-
Amount repayable after one year				
Secured	152,930	166,422	70,947	72,404
Unsecured	-	-	-	-

The bank borrowings are secured by mortgages on certain of the Company's and subsidiaries' freehold land and buildings and investment properties; and assignment of rental proceeds of certain subsidiaries' investment properties and a floating charge on certain Company's and subsidiaries' assets.

11. OTHER PAYABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Outside parties	4,664	4,538	39	87
Subsidiaries	-	-	14,602	33,014
Deferred grant income	94	80	-	-
Financial guarantee contract liabilities	-	-	2,669	3,517
Total	4,758	4,618	17,310	36,618
Less: Amount payable within 12 months (shown under current liabilities)	(4,723)	(4,591)	(2,708)	(3,604)
Amount payable after 12 months	35	27	14,602	33,014

12(i). SHARE CAPITAL

	<u>The Group and the Company</u>			
	<u>2022</u> <u>Number of ordinary shares</u> <u>'000</u>	<u>2021</u> <u>Number of ordinary shares</u> <u>'000</u>	<u>2022</u> <u>SS'000</u>	<u>2021</u> <u>SS'000</u>
Issued and paid up capital:				
Balance at beginning of year	100,800	100,800	150,665	150,665
Issue of new ordinary shares under rights issue	20,160	-	40,171	-
Balance at end of year	120,960	100,800	190,836	150,665

During the financial year, an aggregate rights issue of 20,160,000 new ordinary shares in the capital of the Company at an issue price of S\$2.00 for each rights share on the basis of one rights share for every five shares in the capital of the Company held by the Shareholders. Rights issue expenses amounted to S\$0.15 million.

The total number of issued ordinary shares of the Company had increased from 100.8 million ordinary shares to 120.96 million ordinary shares and the paid-up capital had increased from \$150.665 million to \$190.836 million.

Use of the Rights Issue's Proceeds

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

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

12(ii). TREASURY SHARES

There are no treasury shares.

12(iii). A STATEMENT SHOWING ALL SALES, TRANSFERERS, CANCELLATION AND /OR USE OF SUBSIDIARY HOLDINGS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

Not applicable. The Company did not have any such subsidiary holdings during and as at the end of the current financial period reported on.

13. REVENUE

Revenue comprises the following:

	<u>The Group</u>	
	<u>FY Ended 31 Dec</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Room revenue	28,402	13,705
Food and beverage revenue	3,726	2,256
Spa revenue	360	76
Rental income from:		
Investment properties	6,289	7,599
Within premises	2,071	1,733
Car park revenue	272	325
Interest income from outside parties	41	-
Dividend income from:		
Quoted equity investments (gross)	260	265
Unquoted equity investments	103	95
Others	366	226
Total	41,890	26,280

14. OTHER INCOME – MISCELLANEOUS

	<u>The Group</u>	
	<u>FY Ended 31 Dec</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Gain on disposal of investment properties	-	9,920*
Government grants	355	1,022
Other income	390	930
Write back of allowance for doubtful receivables	265	222
Write back of impairment loss on investment properties (“IP”)	-	96
Write back of impairment loss on property, plant and equipment (“PPE”)	2,755	-
	3,765	12,190

* Arising from the disposal of a subsidiary’s 551 square metre unit in Maxwell House.

15. MISCELLANEOUS EXPENSES

Miscellaneous expenses include the following:

	<u>The Group</u>	
	<u>FY Ended 31 Dec</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Impairment loss on property, plant and equipment	-	7,209
Impairment loss on investment properties	1,998	-
Total impairment	1,998	7,209

16. FINANCE COSTS

	The Group	
	FY Ended 31 Dec	
	2022	2021
	\$'000	\$'000
Interest expense on bank loans	5,797	4,163

17. PROFIT (LOSS) BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the interim financial statements, profit (loss) before income tax is arrived at after charging / (crediting):

	The Group	
	FY Ended 31 Dec	
	2022	2021
	S\$'000	S\$'000
Net foreign exchange adjustment loss	1,257	1,474
Depreciation	7,002	7,645
Net fair value loss on financial assets at fair value through profit or loss	683	11
Bad debts	204	-
Allowance for doubtful receivables	193	154
Fair value gain on derivative financial instruments	-	(196)

Related party transactions

There are no material related party transactions.

18. INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	FY Ended 31 Dec	
	2022	2021
	\$'000	(Restated)
	\$'000	\$'000
Current tax	847	1,322
Withholding tax	363	117
Deferred tax	(341)	(513)
	869	926
Over provision in prior years:		
- current tax	(188)	(483)
- deferred tax	(176)	(75)
	(364)	(558)
Total income tax expense	505	368

19. DIVIDENDS

	<u>The Group</u>	
	<u>FY Ended 31 Dec</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Ordinary dividends paid:		
Final dividend of \$0.025 per share (2021: final dividend		
Of \$0.025 per share)	2,520	2,520

20. EARNINGS PER ORDINARY SHARE (EPS)

	<u>The Group</u>	
	<u>FY Ended 31 Dec</u>	
	<u>2022</u>	<u>2021</u>
		<u>(Restated)</u>
EPS (based on consolidated loss after taxation) *		
- on weighted average number of shares (cents)	(3.35)	(3.69)
- on a fully diluted basis (cents)	(3.35)	(3.69)

* adjusted for the effects of the bonus element of the Rights Issue as disclosed in Note 12(i). This is in accordance with the requirements of SFRS(I) 1-33 *Earnings Per Share*

Basic loss per share is calculated based on the Group's loss of \$3.439 million for FY 2022 and S\$3.726 million for FY 2021 respectively after income tax expense divided by 102.74 million (2021: 101.05 million), being the weighted average number of shares in issue.

Diluted loss per ordinary share are the same as basic loss per ordinary shares as there were no dilutive potential ordinary shares.

21. NET ASSET VALUE

	<u>The Group</u>		<u>The Company</u>	
	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
		<u>(Restated)</u>		
NAV per share based on issued number of shares as at the end of the respective period (\$)	5.22	5.72	3.71	3.73

The NAV per share as at 31 December 2022 and 31 December 2021 were calculated based on the number of shares in issue of 120.96 million (2021: 100.8 million) ordinary shares.

22. OPERATING SEGMENTS

The Group is primarily engaged in the following operations:

- Owning and operating hotels and providing ancillary services (“hotel operation”)
- Owning and letting out investment properties (“property investment”)
- Holding financial investments which comprise financial assets such as shares, bonds, funds and other financial products, to generate a stable stream of income through interest and dividends, and also for potential capital appreciation (“financial investment”)

I. Revenue Second half ended 31 December

	External		Inter-segment		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operations						
Singapore	13,477	7,202	-	-	13,477	7,202
Malaysia	2,989	2,288	-	-	2,989	2,288
Thailand	5,200	1,764	-	-	5,200	1,764
	21,666	11,254	-	-	21,666	11,254
Property investments						
Singapore	484	505	50	57	534	562
New Zealand	2,138	2,528	-	-	2,138	2,528
Malaysia	522	362	-	-	522	362
	3,144	3,395	50	57	3,194	3,452
Financial investments	265	230	10,372	587	10,637	817
Segments total	25,075	14,879	10,422	644	35,497	15,523

II. Net Profit (Loss)
Second half ended 31 December

	Net profit (loss) for the period	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>(Restated)</u> <u>\$'000</u>
Hotel operations		
Singapore	3,544	1,128
Malaysia	(1,052)	(1,888)
Thailand	4,538	(7,532)
	7,030	(8,292)
Property investments		
Singapore	138	9,553
New Zealand	(2,493)	(564)
Malaysia	70	248
	(2,285)	9,237
Financial investments	171	92
Segments total	4,916	1,037
Finance costs	(3,429)	(2,248)
Profit (Loss) before income tax	1,487	(1,211)
Income tax expense	(1,067)	(293)
Profit (Loss) after income tax	420	(1,504)

III. Other segment information
Second half ended 31 December

	Depreciation		Additions to non-current assets	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operations				
Singapore	1,445	1,445	445	399
Malaysia	1,123	978	5,875	(49)
Thailand	195	466	147	6
	2,763	2,889	6,467	356
Property investments				
Singapore	76	203	-	-
New Zealand	476	776	110	4,233
Malaysia	83	175	-	-
	635	1,154	110	4,233
Consolidated total	3,398	4,043	6,577	4,589

IV. Geographical information
Second half ended 31 December

	Revenue from external customers		Non-current assets	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	14,226	7,937	463,503	433,167
Malaysia	3,511	2,650	150,111	153,155
New Zealand	2,138	2,528	67,934	75,240
Thailand	5,200	1,764	83,248	82,864
	25,075	14,879	764,796	744,426

V. Revenue
for financial year ended 31 December

	External		Inter-segment		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operations						
Singapore	21,617	11,545	-	-	21,617	11,545
Malaysia	5,458	4,514	-	-	5,458	4,514
Thailand	8,122	2,262	-	-	8,122	2,262
	35,197	18,321	-	-	35,197	18,321
Property investments						
Singapore	963	1,017	105	114	1,068	1,131
New Zealand	4,427	5,829	-	-	4,427	5,829
Malaysia	899	753	-	-	899	753
	6,289	7,599	105	114	6,394	7,713
Financial investments	404	360	10,491	704	10,895	1,064
Segments total	41,890	26,280	10,596	818	52,486	27,098

**VI. Net (Loss) Profit
for financial year ended 31 December**

	Net (loss) profit for the period	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>(Restated)</u> <u>\$'000</u>
Hotel operations		
Singapore	3,402	(855)
Malaysia	(2,068)	14
Thailand	3,799	(9,692)
	5,133	(10,533)
Property investments		
Singapore	476	9,859
New Zealand	(3,086)	524
Malaysia	456	639
	(2,154)	11,022
Financial investments	(116)	316
Segments total	2,863	805
Finance cost	(5,797)	(4,163)
Loss before income tax	(2,934)	(3,358)
Income tax expense	(505)	(368)
Loss after income tax	(3,439)	(3,726)

**VII. Segment assets and liabilities
for financial year ended 31 December**

	Segment assets		Segment liabilities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>(Restated)</u> <u>\$'000</u>
Hotel operations				
Singapore	427,378	448,484	3,603	3,054
Malaysia	144,856	112,113	2,540	2,349
Thailand	87,028	84,464	1,748	1,466
	659,262	645,061	7,891	6,869
Property investments				
Singapore	24,409	25,766	118	866
New Zealand	69,606	78,502	1,161	1,504
Malaysia	9,883	10,664	-	-
	103,898	114,932	1,279	2,370
Financial investments	29,252	31,801	21	25
Segments total	792,412	791,794	9,191	9,264
Unallocated items	33,913	2,352	186,015	208,334
Consolidated total	826,325	794,146	195,206	217,598

**VIII. Other segment information
for financial year ended 31 December**

	Depreciation		Additions to non-current assets	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operations				
Singapore	2,891	2,869	585	794
Malaysia	2,065	1,969	8,087	66,449
Thailand	746	1,245	188	6
	5,702	6,083	8,860	67,249
Property investments				
Singapore	152	408	-	-
New Zealand	979	979	1,362	7,048
Malaysia	169	175	-	-
	1,300	1,562	1,362	7,048
Consolidated total	7,002	7,645	10,222	74,297

**IX. Geographical information
for financial year ended 31 December**

	Revenue from external customers		Non-current assets	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	22,984	12,922	463,503	433,167
Malaysia	6,357	5,268	150,111	153,155
New Zealand	4,427	5,828	67,934	75,240
Thailand	8,122	2,262	83,248	82,864
	41,890	26,280	764,796	744,426

23. ACQUISITION OF BUSINESS IN FY 2021

On 15 March 2019, the Group's wholly owned subsidiary, Every Room a Home Sdn Bhd., entered into a Sale and Purchase Agreement ("Agreement") to acquire The Royale Chulan Bukit Bintang Hotel and its business from a third party, for a cash consideration of approximately \$65.0 million (RM197.0 million).

The acquisition is an opportunity for the Group to expand its hotel operations in the region. In addition, Royale Chulan Bukit Bintang Hotel, located in one of the prime tourist and hotel belts of Kuala Lumpur city centre, offers potential capital appreciation in future.

A supplemental agreement was signed on 29 December 2020 whereby the vendor reduced the purchase price by 10% (from RM197.0 million to RM177.3 million) and contributed RM3.0 million to repair mechanical and electrical equipment of the Hotel. This was to account for the Covid-19 situation in Malaysia.

Details of the consideration paid, assets acquired, liabilities assumed and the effects on the cash flow of the Group, at the acquisition date, are as follows:

a) Purchase consideration

	<u>2021</u> <u>\$'000</u>
Cash consideration paid for the acquisition, excluding expenses	<u>56,484</u>

Acquisition-related expenses amounting to \$3.986 million are included in “other expenses” in the statement of profit or loss for FY 2021.

b) The net identifiable assets acquired in the transactions are as follows:

	<u>2021</u> <u>\$'000</u>
Freehold land	33,054
Building	31,758
Total consideration	<u>64,812</u>
Bargain purchase arising from acquisition of business	<u>(8,328)</u>
Total consideration, satisfied by cash, representing net cash outflow on acquisition	<u>56,484</u>

Management is of the view that after assessment, the gain represented a bargain purchase on acquisition, which was primarily due to the fact that the price was negotiated with the seller during the current COVID-19's economic downturn in Malaysia.

Management had ceased the hotel operations on 22 February 2021, in considering the current COVID-19 situation and to also allow the hotel to embark on an extensive upgrading program.

c) Impact on acquisition on the results of the Group for FY 2021

The acquired business did not contribute to the Group's revenue and incurred a net loss before income tax of \$0.583 million to the Group for the period between the date of acquisition in February 2021 and the end of the reporting period of 2021.

24. RESTATEMENT OF COMPARATIVE INFORMATION

In the 2010 Budget, the New Zealand Government introduced legislation to remove tax depreciation on commercial, industrial and residential buildings. In March 2020, the New Zealand Government announced a package of measures to support businesses through the impact of COVID-19. One of the measures introduced was the reintroduction of tax depreciation on commercial and industrial buildings. The changes enacted in the COVID-19 Response reintroduce tax depreciation on non-residential buildings with effect from the 2021 income year. As a result, certain line items have been adjusted in the statement of financial position, statement of profit or loss, statement of changes in equity and the related notes to the financial statements.

The items were adjusted as follows:

Restated Statement of Financial Position as at 31 December 2021 and 1 January 2021:

	The Group			The Group		
	31 December 2021			1 January 2021		
	Reported	Adjust- -ments	Restated	Reported	Adjust- -ments	Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES AND EQUITY						
Non-current liabilities						
Deferred tax liabilities	26,866	(15,378)	11,488	20,379	(8,646)	11,733
Total non-current liabilities	193,606	(15,378)	178,228	141,104	(8,646)	132,458
Capital and reserves						
Translation reserve	(2,232)	42	(2,190)	4,341	518	4,859
Retained earnings	57,050	15,336	72,386	69,350	8,128	77,478
Total equity	561,170	15,378	576,548	623,818	8,646	632,464
Total liabilities and equity	794,146	-	794,146	782,811	-	782,811

Restated Income Statement for the second half and full year ended 31 December 2021:

	The Group			The Group		
	6 months ended 31 December			12 months ended 31 December		
	2021			2021		
	Reported	Adjust- -ments	Restated	Reported	Adjust- -ments	Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income tax expense	(7,501)	7,208	(293)	(7,576)	7,208	(368)
Loss for the financial period, attributable to the owners of the Company	(8,712)	7,208	(1,504)	(10,934)	7,208	(3,726)

EARNINGS PER ORDINARY SHARE (EPS)

	The Group		
	Reported	Adjust- -ments	Restated
EPS (based on consolidated loss after taxation)			
- on weighted average number of shares (cents)	(10.85)	7.16	(3.69)
- on a fully diluted basis (cents)	(10.85)	7.16	(3.69)

25. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial information.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. AUDIT

The statement of financial positions of the Company and its subsidiaries as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity, consolidated statement of cash flows and explanatory notes have not been audited or reviewed by the Company's auditor.

2. REVIEW OF GROUP PERFORMANCE

a) Consolidated Statement of Profit or Loss

i. REVENUE

Revenue comprises the following:

	<u>The Group</u>		
	<u>Full Year Ended 31 December</u>		
	<u>2022</u>	<u>2021</u>	<u>+ / (-)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Room revenue	28,402	13,705	>100
Food and beverage revenue	3,726	2,256	65.2
Spa revenue	360	76	>100
Rental income from:			
Investment properties	6,289	7,599	(17.2)
Within premises	2,071	1,733	19.5
Car park revenue	272	325	(16.3)
Interest income from outside parties	41	-	100
Dividend income from:			
Quoted equity investments (gross)	260	265	(1.9)
Unquoted equity investment	103	95	8.4
Others	366	226	61.9
Total	41,890	26,280	59.4

Room revenue

Group room revenue increased by >100% for FY 2022 as compared to FY 2021 mainly due to higher room occupancy and higher room rates due to recovery of business with the easing of the border control in Singapore, Thailand and Malaysia since April 2022.

Food and beverage revenue

The increase in food and beverage revenue by 65.2% for FY 2022 as compared to FY 2021 was mainly due to higher breakfast sales.

Rental income from investment properties

Rental income from investment properties decreased by 17.2% for FY 2022 as compared to the same period in 2021 was mainly due to lower contributions from investment properties in New Zealand subsidiary and Singapore.

Rental income from within premises

The 19.5% increase in rental income from within premises for FY 2022 as compared to FY 2021 was mainly due to lesser rental rebates granted to tenants.

ii. Cost of Sales

The increase in cost of sales for FY 2022 as compared to corresponding period in 2021 was mainly due to higher operation costs in the Group's hotels, in line with higher revenue.

iii. Other income – miscellaneous

The decrease in other income for FY 2022 compared to FY 2021 was mainly due to gain on disposal of the Group's 551 square metre unit in Maxwell House and miscellaneous income from Grand Complex in the last financial year, and also lower government grants received, offset by write back of impairment loss of Bangkok and Malaysia's properties in this financial year.

iv. Distribution and marketing expense

The increase in distribution costs for FY 2022 compared to the same period in 2021 was mainly due to higher sales and marketing expenses from travel agents and online reservation portals in the Group's hotels.

v. Administrative expenses

The increase in administrative expenses for FY 2022 as compared to corresponding period in 2021 was mainly due to higher overhead expenses such as payroll and utilities costs in the Group's hotels.

vi. Other expenses – miscellaneous

Other expenses comprise mainly impairment of properties, foreign exchange loss, fair value loss on financial assets at fair value through profit or loss and miscellaneous other expenses.

The decrease in other expenses for FY 2022 as compared to FY 2021 was mainly due to impairment of Bangkok's properties and impairment of Malaysia's properties in FY2021, and also lower foreign exchange loss and miscellaneous other expenses, offset by impairment of New Zealand's properties in this financial year and higher fair value loss on financial assets at fair value through profit or loss.

vii. Other expenses – acquisition of business

Other expenses – acquisition of business, amounting to S\$3.986 million (RM12.3 million), consists of legal fees, stamp duty and due diligence costs incurred during the acquisition of the business of Royale Chulan Bukit Bintang Hotel in FY 2021.

viii. Finance costs

The increase in finance costs for FY 2022 as compared to the corresponding period in 2021 was mainly due to increase in interest rate.

ix. Income tax expense

The increase in income tax expense for FY 2022 as compared to the same period in FY 2021 was mainly due to higher taxable income in the Group's hotels.

x. Net Loss of segment performance for full year ended 31 December

	Net (loss) profit		
	<u>2022</u>	<u>2021</u>	+ / (-)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Hotel operations	5,133	(10,533)	n.m.
Property investments	(2,154)	11,022	n.m.
Financial investments	(116)	316	n.m.
Segments total	2,863	805	>100
Finance cost	(5,797)	(4,163)	39.3
Loss before income tax	(2,934)	(3,358)	(12.6)
Income tax expense	(505)	(368)	37.2
Loss after income tax	(3,439)	(3,726)	(7.7)

The hotel operation segment recorded a net profit of \$5.133 million in FY 2022 (FY 2021: net loss of S\$10.533 million). This was due to the better performances in the Singapore and Thailand hotels.

The performance for the property investment segment decreased by \$13.176 million from net profit of S\$11.022 million in FY 2021 to net loss of S\$2.154 million in FY 2022. This was primarily due to the gain on disposal of the Group's unit in Maxwell House in Singapore in FY2021 and impairment of New Zealand's properties in FY2022.

The financial investment segment's performance decreased by \$0.432 million from net profit of S\$0.316 million in FY 2021 to net loss of S\$0.116 million in FY 2022. This was mainly due to the higher fair value loss on financial assets.

xi. Adjusted net loss after income tax for full year ended 31 December

	Adjusted Net Loss		
	<u>2022</u>	<u>2021</u>	+ / (-)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Loss after income tax	(3,439)	(3,726)	(7.7%)
<u>Adjustments: -</u>			
Bargain purchase gain	-	(8,328)	n.m.
Gain on disposal of Maxwell	-	(9,920)	n.m.
Write back of impairment loss of PPE	(2,755)	-	n.m.
Expenses related to acquisition	-	3,986	n.m.
Impairment loss of IP/PPE	1,998	7,209	(72.3%)
Adjusted Net Loss after income tax	(4,196)	(10,779)	(61.1%)

In FY 2021, the Group enjoyed a one-off bargain purchase gain and expenses related to the acquisition of The Royale Chulan Bukit Bintang Hotel, gain on disposal of Maxwell and incurred impairment loss of PPE. In FY2022, the Group recorded net write back of prior years' impairment loss of PPE. Adjusting for these, the adjusted loss after income tax for FY2022 as compared to FY2021 would decrease 61.1% from S\$10.779 million to S\$4.196 million. This was mainly due to better performances in Singapore and Thailand hotels.

Consolidated Statement of Financial Position

Total assets (Group) as at 31 December 2022 increased by \$32.18 million from S\$794.15 million to \$826.33 million.

The increase was mainly due to:

- Increase in cash and bank balance of about \$17.9 million mainly due to proceeds from rights issue during the financial year, and offset partial repayments of bank loans;
- Property, plant and equipment increased by \$28.5 million mainly due to increase in valuation of freehold land in the two hotel properties in Singapore of \$32.7 million, offset by depreciation charged during the financial year.

Total liabilities (Group) as at 31 December 2022 decreased by \$22.39 million from \$217.60 million to \$195.21 million.

The decrease was mainly due to the decrease in bank loans of \$21.8 million due to the principal loan repayments during the financial year.

(b) **Consolidated Statement of Cash Flows**

Net cash from operating activities for the financial year ended 31 December 2022 was derived from the operating activities of the hotel, investment properties and fund management. The increase in net cash from operating activities was mainly due to recovery of business with gradual easing of the border control in Singapore, Thailand and Malaysia.

Net cash used in investing activities was mainly for building and renovation works for Hotel Royal Signature (formerly known as Hotel Royal Bukit Bintang) and refurbishments for Baba House.

Net cash from financing activities was mainly due to proceeds from rights issue offset by net repayment of partial bank loans.

3. VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

No forecast or prospect statement was previously issued in respect of the current reporting period

4. OUTLOOK

Tourist arrivals exceeded the forecast in FY2022 in Singapore, Malaysia and Thailand and it should remain resilient in FY2023. The tourist arrivals in FY2022 was a result of the opening of more international borders with ease of on-arrival test measures. The tourist arrivals should be further spurred with the recent removal of zero-Covid-19 case policy in China. Although macro leisure groups, individual travellers and training groups from the Government bodies are expected in the beginning from this region, we would expect an increased volume moving forward, including the arrivals from the other regions.

The Group continues to monitor the market developments for each of its business segments closely, to be disciplined in cost management and prudent capital management. This is in view of the challenges that remain ahead including manpower challenge, cost pressure as a result of inflation, rising interest rates as well as geopolitical tensions. The Group will also monitor closely the fluctuation in exchange rates for New Zealand dollar, the U.S. dollar, Malaysian ringgit and Thai baht against Singapore dollar which may affect the performance.

5. DIVIDENDS

(a) Current Financial Period Reported On

The following dividend is proposed for the financial year ended 31 December 2022:

First and Final Dividend

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	2.5 cents per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

The proposed first and final dividend is subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

The following dividend was declared for the FY2021:

First and Final Dividend

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	2.5 cents per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

(c) Total Annual Dividend

	<u>2022</u> <u>S\$'000</u>	<u>2021</u> <u>S\$'000</u>
Ordinary dividends paid:		
Interim	-	-
Final	<u>2,520</u>	<u>2,520</u>
	<u>2,520</u>	<u>2,520</u>

(d) Date payable

To be announced at a later date.

(e) Books closure date

To be announced at a later date.

6. DISCLOSURE PURSUANT TO RULE 706A OF THE LISTING MANUAL

During FY 2022 and as at the date of this announcement, there were no changes to the Company's and the Group's shareholding percentage in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associate by the Company or any of the Group's entities.

7. INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from its shareholders for interested person transactions. The aggregate value of the interested person transactions entered during the financial period under review is as follows:-

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Ms Lee Xin Ying Vivian	Daughter of Lee Chou Hor George, a director of the Company ⁽¹⁾	S\$112,148	Nil

Note:

⁽¹⁾ Mr Lee Chou Hor George is a Director and a substantial shareholder of Hotel Royal Limited holding direct and deemed interest of 10.77% of the total number of voting shares in the Company. Pursuant to Rule 904 of the Listing Rules of SGX, rental income received from Ms Vivian Lee by a subsidiary constitute an interested person transaction.

8. CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

9. PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Lee Chou Hock (BAcc, MBA)	69	<p>Nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company</p> <p>Brother of Lee Chou Hor George, a director of the Company</p> <p>Cousin of Lee Chu Muk, a director of the Company</p>	<p>Joined the group in 1985. Presently the Chief Executive Officer of the Company. His duties include the general management of the Company and Group.</p>	Nil
Mr. Lee Chu Bing (BA)	43	<p>Nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company</p> <p>Brother of Lee Chu Muk, a director of the Company</p> <p>Cousin of Lee Chou Hor George, a director of the Company</p> <p>Cousin of Lee Chou Hock, CEO</p>	<p>Joined the group in 2004. He was redesignated to Director of Operations with effect from 1 March 2021.</p> <p>His duties include the general management of operations of Hotel Royal Group.</p>	Nil

9. PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS
(Continued)

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Lee Zongye Zach (BA.Arch, M.Arch, M.Des Real Estate)	40	<p>Son of Mr. Lee Chou Hock, CEO</p> <p>Grand-nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company</p> <p>Nephew of Lee Chou Hor George and Lee Chu Muk, directors of the Company</p>	<p>Joined the group in 2018.</p> <p>Presently the Director of Project Development for the Company.</p> <p>His duties include the supervision of construction works and lease management to the Group's real estate assets. He also assists in evaluating potential real estate investments for the Group.</p>	Nil
Ms. Lee Si Min (Bachelor of International Hotel and Tourism Management)	34	<p>Daughter of Lee Kin Hong, a director of the Company</p> <p>Niece of Lee Khin Tien, a director of the Company</p> <p>Cousin of Lee Chou Hor George and Lee Chu Muk, directors of the Company</p> <p>Cousin of Lee Chou Hock, CEO</p>	<p>Joined the group in January 2020 as the Assistant General Manager of Hotel Royal @ Queens. She was promoted to General Manager on 1 March 2021.</p> <p>Her duties include the general management of Hotel Royal @ Queens.</p>	Nil

9. PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS
(Continued)

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mrs. Lee Siew Choo	77	<p>Sister of Lee Khin Tien and Lee Kin Hong, directors of the Company</p> <p>Aunt of Lee Chou Hor George and Lee Chu Muk, directors of the Company</p> <p>Aunt of Lee Chou Hock, CEO</p>	<p>Joined the Company in 1973.</p> <p>Presently the Revenue Controller of the Company and alternate Company Secretary (since 2 August 1975).</p> <p>Her duties include the overall supervision of the Company's cash management and credit control.</p>	Nil

BY ORDER OF THE BOARD

Sin Chee Mei
 Company Secretary
 1 March 2023