

HOTEL PROPERTIES LIMITED

(Registration No. 198000348Z)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR HALF YEAR ENDED JUNE 30, 2023

HOTEL PROPERTIES LIMITED

INTERIM FINANCIAL STATEMENTS

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SECTION 1 - CONDENSED INTERIM FINANCIAL STATEMENTS

A(i). Condensed Interim Consolidated Income Statement

	Note	GROUP \$'000	
		Half year ended Jun 30, 2023	Half year ended Jun 30, 2022
Revenue	4	319,032	249,495
Cost of sales		(240,734)	(198,345)
Gross profit		78,298	51,150
Other operating income		20,681	2,813
Administrative expenses		(33,814)	(31,373)
Other operating expenses		(11,239)	(12,313)
Finance costs		(46,317)	(21,822)
Share of results of associates and jointly controlled entities		(16,462)	20,058
(Loss) Profit before income tax	5	(8,853)	8,513
Income tax expense	6	(8,260)	(2,726)
(Loss) Profit after income tax		(17,113)	5,787
Attributable to:			
Shareholders of the Company		(17,177)	1,924
Non-controlling interests		64	3,863
		(17,113)	5,787
Loss per ordinary share (Cents):			
- basic		(3.97)	(0.97)
- diluted		(3.97)	(0.97)

Basic loss per ordinary share is calculated based on the Group net loss attributable to ordinary shareholders after deducting provision for distribution to perpetual capital securities holders divided by the weighted average number of ordinary shares in issue (excluding treasury shares) during the period.

A(ii). Condensed Interim Consolidated Statement of Other Comprehensive Income

	GROUP \$'000	
	Half year ended Jun 30, 2023	Half year ended Jun 30, 2022
(Loss) Profit after income tax	(17,113)	5,787
Other comprehensive income (loss) (net of tax):		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Share of other comprehensive loss of a jointly controlled entity	(14,751)	(7,163)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange fluctuation and other reserves	6,019	(18,841)
Share of other comprehensive income (loss) of associates and jointly controlled entities	19,178	(33,150)
	25,197	(51,991)
Total comprehensive loss	(6,667)	(53,367)
Attributable to:		
Shareholders of the Company	(3,965)	(54,630)
Non-controlling interests	(2,702)	1,263
	(6,667)	(53,367)

B. Condensed Interim Statements of Financial Position

	Note	GROUP \$'000		COMPANY \$'000	
		Jun 30, 2023	Dec 31, 2022	Jun 30, 2023	Dec 31, 2022
ASSETS					
Current assets:					
Cash and bank balances		101,065	105,308	28,351	25,011
Held-for-trading investments ^(a)	9	-	2,490	-	-
Trade and other receivables		78,765	79,903	5,347	3,490
Amount due from associates and jointly controlled entities ^(b)		56,457	49,137	-	-
Amount due from subsidiaries		-	-	220,178	231,723
Inventories		13,346	14,207	119	129
Assets classified as held for sale ^(a)		-	87,797	-	-
Completed properties held for sale		7,362	7,497	-	-
Total current assets		256,995	346,339	253,995	260,353
Non-current assets:					
Associates and jointly controlled entities ^(b)		956,644	912,674	5,665	5,980
Subsidiaries		-	-	1,711,082	1,728,387
Investments	9	245,639	249,601	-	-
Property, plant and equipment	10	1,619,355	1,615,989	217,336	216,573
Investment properties	11	674,928	674,928	-	-
Long-term deposits ^(c)		43,674	24,922	43,674	24,922
Deferred tax assets		2,757	3,319	-	-
Intangible assets		9,685	9,703	-	-
Total non-current assets		3,552,682	3,491,136	1,977,757	1,975,862
Total assets		3,809,677	3,837,475	2,231,752	2,236,215
LIABILITIES AND EQUITY					
Current liabilities:					
Short-term borrowings ^(d)	12	140,636	215,145	137,849	-
Trade and other payables		138,033	157,713	15,310	19,108
Amount due to subsidiaries		-	-	11,314	653
Income tax payable		8,610	3,778	-	-
Total current liabilities		287,279	376,636	164,473	19,761
Non-current liabilities:					
Advances from subsidiaries		-	-	415,103	450,024
Long-term borrowings	12	1,469,088	1,368,210	647,219	716,120
Long-term lease liabilities		105,120	114,535	-	-
Deferred tax liabilities		16,043	15,164	360	380
Total non-current liabilities		1,590,251	1,497,909	1,062,682	1,166,524
Share capital and reserves:					
Share capital	13	726,780	726,780	726,780	726,780
Treasury shares		(1,746)	(1,746)	(1,746)	(1,746)
Reserves		889,287	922,822	120,349	165,682
Equity attributable to shareholders of the Company		1,614,321	1,647,856	845,383	890,716
Perpetual capital securities		159,214	159,214	159,214	159,214
		1,773,535	1,807,070	1,004,597	1,049,930
Non-controlling interests		158,612	155,860	-	-
Total equity		1,932,147	1,962,930	1,004,597	1,049,930
Total liabilities and equity		3,809,677	3,837,475	2,231,752	2,236,215

Note:

- Held-for-trading investments and Assets classified as held for sale decreased due to disposal.
- The increase in Amount due from associates and jointly controlled entities and Associates and jointly controlled entities is mainly attributable to investments during the period, including equity contribution and advances of \$25 million to associates and jointly controlled entities in which certain directors are deemed to have interest.
- The increase in Long-term deposits is mainly due to additional deposits placed.
- Short-term borrowings decreased mainly due to reclassification of borrowings to long-term upon refinancing. The net current liabilities position as at June 30, 2023, is due to the classification of certain long-term borrowings due within 12 months as short-term which is temporary, as most of these borrowings are capable of being refinanced. Notwithstanding the net current liabilities position, the Group has available committed revolving credit facilities to meet its current obligations as and when they fall due.

C. Condensed Interim Statements of Changes in Equity

	Share capital \$'000	Treasury shares \$'000	Retained profits \$'000	Other reserves* \$'000	Share-holders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP									
Balance as at Jan 1, 2022	725,493	(1,746)	994,086	(25,544)	1,692,289	307,966	2,000,255	90,886	2,091,141
Total comprehensive income (loss) for the period									
Profit for the period	-	-	1,924	-	1,924	-	1,924	3,863	5,787
Other comprehensive loss for the period	-	-	-	(56,554)	(56,554)	-	(56,554)	(2,600)	(59,154)
Total	-	-	1,924	(56,554)	(54,630)	-	(54,630)	1,263	(53,367)
Transactions with owners, recognised directly in equity									
Dividends	-	-	(20,852)	-	(20,852)	-	(20,852)	-	(20,852)
Net movement during the period	-	-	(2)	(203)	(205)	-	(205)	86,670	86,465
Issue of shares	1,287	-	-	(240)	1,047	-	1,047	-	1,047
Total	1,287	-	(20,854)	(443)	(20,010)	-	(20,010)	86,670	66,660
Redemption of perpetual capital securities	-	-	(1,248)	-	(1,248)	(148,752)	(150,000)	-	(150,000)
Distribution to perpetual capital securities holders	-	-	(6,969)	-	(6,969)	-	(6,969)	-	(6,969)
Balance as at Jun 30, 2022	726,780	(1,746)	966,939	(82,541)	1,609,432	159,214	1,768,646	178,819	1,947,465
Balance as at Jan 1, 2023	726,780	(1,746)	1,036,734	(113,912)	1,647,856	159,214	1,807,070	155,860	1,962,930
Total comprehensive income (loss) for the period									
(Loss) Profit for the period	-	-	(17,177)	-	(17,177)	-	(17,177)	64	(17,113)
Other comprehensive income (loss) for the period	-	-	80	13,132	13,212	-	13,212	(2,766)	10,446
Total	-	-	(17,097)	13,132	(3,965)	-	(3,965)	(2,702)	(6,667)
Transactions with owners, recognised directly in equity									
Dividends	-	-	(26,065)	-	(26,065)	-	(26,065)	-	(26,065)
Net movement during the period	-	-	3	2	5	-	5	5,454	5,459
Total	-	-	(26,062)	2	(26,060)	-	(26,060)	5,454	(20,606)
Distribution to perpetual capital securities holders	-	-	(3,510)	-	(3,510)	-	(3,510)	-	(3,510)
Balance as at Jun 30, 2023	726,780	(1,746)	990,065	(100,778)	1,614,321	159,214	1,773,535	158,612	1,932,147

* Includes exchange fluctuation reserve, hedge reserve, option reserve and other capital reserve.

C. Condensed Interim Statements of Changes in Equity (cont'd)

	Share capital \$'000	Treasury shares \$'000	Retained profits \$'000	Other reserves** \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
COMPANY							
Balance as at Jan 1, 2022	725,493	(1,746)	149,932	11,023	884,702	307,966	1,192,668
Total comprehensive income (loss) for the period							
Loss for the period	-	-	(8,600)	-	(8,600)	-	(8,600)
Total	-	-	(8,600)	-	(8,600)	-	(8,600)
Transactions with owners, recognised directly in equity							
Dividends	-	-	(20,852)	-	(20,852)	-	(20,852)
Net movement during the period	-	-	95	(95)	-	-	-
Issue of shares	1,287	-	-	(240)	1,047	-	1,047
Total	1,287	-	(20,757)	(335)	(19,805)	-	(19,805)
Redemption of perpetual capital securities	-	-	(1,248)	-	(1,248)	(148,752)	(150,000)
Distribution to perpetual capital securities holders	-	-	(6,969)	-	(6,969)	-	(6,969)
Balance as at Jun 30, 2022	726,780	(1,746)	112,358	10,688	848,080	159,214	1,007,294
Balance as at Jan 1, 2023	726,780	(1,746)	154,994	10,688	890,716	159,214	1,049,930
Total comprehensive loss for the period							
Loss for the period	-	-	(15,758)	-	(15,758)	-	(15,758)
Total	-	-	(15,758)	-	(15,758)	-	(15,758)
Transactions with owners, recognised directly in equity							
Dividends	-	-	(26,065)	-	(26,065)	-	(26,065)
Total	-	-	(26,065)	-	(26,065)	-	(26,065)
Distribution to perpetual capital securities holders	-	-	(3,510)	-	(3,510)	-	(3,510)
Balance as at Jun 30, 2023	726,780	(1,746)	109,661	10,688	845,383	159,214	1,004,597

** Includes hedge reserve and option reserve.

D. Condensed Interim Consolidated Statement of Cash Flows

	Note	Half year ended Jun 30, 2023 \$'000	Half year ended Jun 30, 2022 \$'000
Cash flows from operating activities:			
Profit (Loss) before income tax and share of results of associates and jointly controlled entities		7,609	(11,545)
Adjustments for:			
Amortisation of intangible assets		26	28
Depreciation expense		37,488	38,695
Net fair value loss in held-for-trading investments	5	55	120
Net fair value loss in investments	5	8,431	11,633
Net gain on disposal of property, plant and equipment	5	(16,129)	(43)
Finance costs		46,317	21,822
Interest income	5	(1,196)	(609)
Dividend income	5	(1,885)	(952)
Profit before working capital changes		80,716	59,149
Trade and other payables		(22,004)	(12,411)
Trade and other receivables		317	(11,567)
Held-for-trading investments		2,435	911
Inventories		951	(378)
Cash generated from operations		62,415	35,704
Dividend received		1,885	952
Income tax paid		(2,830)	(2,955)
Net cash from operating activities		61,470	33,701
Cash flows used in investing activities:			
Additional property, plant and equipment		(41,265)	(48,640)
Net additional investments		(2,148)	(5,610)
Net deposits (placed) refunded for investments		(20,092)	5,620
Net investment in associates and jointly controlled entities		(44,458)	(215,372)
Proceeds from disposal of investment properties		87,797	-
Proceeds from disposal of property, plant and equipment		14,085	288
Net cash used in investing activities		(6,081)	(263,714)
Cash flows (used) from financing activities:			
Interest received		1,196	609
Finance costs paid		(42,969)	(18,841)
Repayment of lease liabilities		(736)	(793)
Dividend paid	7	(26,065)	(20,852)
Distribution to perpetual capital securities holders		(3,510)	(6,969)
Net receipts from non-controlling shareholders		4,730	84,506
Additional borrowings		226,281	434,396
Repayment of borrowings		(218,886)	(95,538)
Redemption of perpetual capital securities		-	(150,000)
Proceeds from issue of shares		-	1,047
Net cash (used) from financing activities		(59,959)	227,565
Net decrease in cash and cash equivalents		(4,570)	(2,448)
Cash and cash equivalents at beginning of period		87,898	81,365
Effect of exchange rate changes on cash balances held in foreign currencies		(458)	616
Cash and cash equivalents at end of period		82,870	79,533

Cash and cash equivalents at end of period

The cash and cash equivalents as at June 30, 2023, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$18,195,000 (June 30, 2022: \$4,359,000).

E. Notes to the Condensed Interim Financial Statements

1. Corporate Information

Hotel Properties Limited ("The Company") is incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. The principal business activities of the Group are those of hotel ownership, management and operation, property development and investment holding.

2. Basis of Preparation

The condensed interim financial statements for the half year ended June 30, 2023, 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 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 year ended December 31, 2022.

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 that are mandatory for financial years beginning on or after January 1, 2023. The adoption of these revised SFRS(I)s and amendments has no significant impact to the Group.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. Use of Judgements and Estimates

In preparing the condensed interim financial statements, 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 December 31, 2022.

3. Segment Information

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

Hotels

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

Properties

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

Others

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

3. Segment Information (cont'd)

Information by business segment

Half Year ended June 30, 2023

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	306,931	12,098	3		319,032
Inter-segment sales	-	168	-	(168)	-
Total revenue	306,931	12,266	3	(168)	319,032
RESULTS					
Profit (Loss) before interest and tax	57,325	2,105	(6,700)		52,730
Finance costs					(46,317)
Interest income					1,196
Share of results of associates and jointly controlled entities	(1,701)	(14,689)	(72)		(16,462)
Loss before income tax					(8,853)
Income tax expense					(8,260)
Non-controlling interests					(64)
Loss attributable to shareholders of the Company					(17,177)
Segment assets	1,758,849	729,748	246,391		2,734,988
Investment in equity accounted investees	249,955	762,688	458		1,013,101
Unallocated corporate assets					61,588
Consolidated total assets					3,809,677
Segment liabilities	229,295	12,462	1,118		242,875
Unallocated corporate liabilities					1,634,655
Consolidated total liabilities					1,877,530

Half Year ended June 30, 2022

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	238,313	11,179	3		249,495
Inter-segment sales	-	168	-	(168)	-
Total revenue	238,313	11,347	3	(168)	249,495
RESULTS					
Profit (Loss) before interest and tax	18,555	2,018	(10,905)		9,668
Finance costs					(21,822)
Interest income					609
Share of results of associates and jointly controlled entities	22,411	(1,629)	(724)		20,058
Profit before income tax					8,513
Income tax expense					(2,726)
Non-controlling interests					(3,863)
Profit attributable to shareholders of the Company					1,924
Segment assets	1,715,769	740,266	261,847		2,717,882
Investment in equity accounted investees	245,754	718,679	234		964,667
Unallocated corporate assets					41,330
Consolidated total assets					3,723,879
Segment liabilities	204,568	7,698	144		212,410
Unallocated corporate liabilities					1,564,004
Consolidated total liabilities					1,776,414

4. Revenue

	GROUP \$'000	
	Half year ended Jun 30, 2023	Half year ended Jun 30, 2022
Hotel revenue	306,139	237,495
Rental income	11,762	10,802
Management fee	1,131	1,198
Total	319,032	249,495

Hotel room revenue is recognised at a point in time based on room occupancy while other hotel revenue are recognised at a point in time when the goods are delivered or the services are rendered to the customers.

Management fee income is recognised when services are rendered over the contractual period.

5. (Loss) Profit Before Income Tax

The following items have been included in arriving at profit (loss) before income tax:

	GROUP \$'000	
	Half year ended Jun 30, 2023	Half year ended Jun 30, 2022
Dividend income*	1,885	952
Interest income*	1,196	609
Depreciation and amortisation**	(37,514)	(38,723)
Write-back of (Net allowance for) doubtful trade receivables*	113	(13)
Net fair value loss in held-for-trading investments*	(55)	(120)
Net fair value loss in investments*	(8,431)	(11,633)
Net foreign exchange gain (loss)*	33	(42)
Net adjustment for over provision of tax in respect of prior years	16	1,461
Net gain on disposal of property, plant and equipment*	16,129	43

During the previous half year ended June 30, 2022, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government, and an amount of \$1.2 million was recognised in profit or loss against staff costs.

Note:

* Included in Other operating income (expenses).

** Included in Cost of sales.

5.1. Related Party Transactions

Significant related party transactions during the period, other than those disclosed elsewhere in the financial statements, are as follows:

	GROUP \$'000	
	Half year ended Jun 30, 2023	Half year ended Jun 30, 2022
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	(530)	(382)
Management fee income	800	914
Rental income	2,799	3,146
Transactions with associates:		
Management fee income	331	292

6. 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 income statement are:

	GROUP \$'000	
	Half year ended Jun 30, 2023	Half year ended Jun 30, 2022
Current tax	(7,616)	(4,711)
Deferred tax	(660)	524
	(8,276)	(4,187)
Over provision of tax in respect of prior years	16	1,461
	(8,260)	(2,726)

7. Dividends

	GROUP \$'000	
	Half year ended Jun 30, 2023	Half year ended Jun 30, 2022
Ordinary dividends paid:		
First and final one-tier tax exempt dividend of 4 cents per share and a one-tier tax exempt special dividend of 1 cent per share (2022: First and final one-tier tax exempt dividend of 4 cents per share)	26,065	20,852

8. Net Asset Value

	Jun 30, 2023	Dec 31, 2022
Group	\$3.10	\$3.16
Company	\$1.62	\$1.71

Net asset value per ordinary share is calculated based on net assets excluding perpetual capital securities that is attributable to the ordinary shareholders divided by the number of issued shares (excluding treasury shares) of the Company.

9. Financial Assets Measured at Fair Value

	GROUP \$'000	
	Jun 30, 2023	Dec 31, 2022
Financial assets measured at FVTPL	245,639	252,091

9.1. Financial Value Measurement

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

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

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

	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group - Jun 30, 2023				
<i>Financial assets</i>				
Investments	245,639	104,540	14,847	*126,252
Group - Dec 31, 2022				
<i>Financial assets</i>				
Held-for-trading investments	2,490	2,490	-	-
Investments	249,601	114,075	14,486	*121,040

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

Reconciliation of level 3 fair value measurements:

	GROUP \$'000	
	Jun 30, 2023	Dec 31, 2022
<i>Unquoted investments:</i>		
Opening balance	121,040	109,589
Total net gains or (losses) in profit or loss	3,064	6,994
Net purchases	2,148	4,457
Closing balance	126,252	121,040

Financial liabilities

As at June 30, 2023, the carrying amount of certain notes payable and other long-term liabilities which bear fixed interest rates was \$648,013,000 and their fair value was \$595,758,000 (December 31, 2022: \$523,672,000 and \$466,758,000 respectively).

10. Property, Plant and Equipment

During the half year ended June 30, 2023, the Group acquired assets amounting to \$41,265,000 (June 30, 2022: \$48,640,000) and disposed of assets with net book value amounting to \$9,437,000 (June 30, 2022: \$245,000). This disposal included the sale of an existing land lease with a right-of-use asset amounting to \$9,029,000 and a lease liability amounting to \$11,481,000.

As at June 30, 2023, commitments for purchase of property, plant and equipment contracted but not provided for amounted to \$28,323,000 (December 31, 2022: \$34,865,000).

11. Investment Properties

11.1. Valuation

The fair value of the investment properties at December 31, 2022 has been determined on the basis of valuation carried out at the year end date by independent valuers having an appropriate recognised professional qualification based on income capitalisation approach and direct comparison method that reflects prevailing property market conditions and existing tenancies as at this date. The Group has assessed that the key inputs and assumptions used by the valuer for valuation date December 31, 2022, remain applicable and reasonable as at June 30, 2023.

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

12. Borrowings

Aggregate Amount of Group's Borrowings and Debt Securities

Amount repayable in one year or less, or on demand

As at Jun 30, 2023		As at Dec 31, 2022	
Secured	Unsecured	Secured	Unsecured
\$140,636,000	-	\$215,145,000	-

Amount repayable after one year

As at Jun 30, 2023		As at Dec 31, 2022	
Secured	Unsecured	Secured	Unsecured
\$821,869,000	\$647,219,000	\$845,458,000	\$522,752,000

Details of any collateral

The above are secured by legal mortgages on properties of the Company and some subsidiaries, fixed and floating charges on assets of the Company and some subsidiaries and pledge of shares of certain subsidiaries.

13. Share Capital

13.1. Details of Any Changes in Company's Issued Share Capital

The Company did not issue any new shares since the end of the previous period reported on.

As at June 30, 2023, the number of outstanding share options under the Company's Share Option Scheme was 18,375,000 (as at June 30, 2022: 18,375,000).

As at June 30, 2023, the Company held 515,300 (as at June 30, 2022: 515,300) treasury shares which represents 0.1% (as at June 30, 2022: 0.1%) of the total number of issued shares (excluding treasury shares).

13.2. Total Number of Issued Shares

	Jun 30, 2023	Dec 31, 2022
Total number of issued shares	521,815,251	521,815,251
Treasury shares	(515,300)	(515,300)
Total number of issued shares excluding treasury shares	521,299,951	521,299,951

13.3. Statement Showing All Sales, Transfers, Cancellation and/or Use of Treasury Shares

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

13.4. Statement Showing All Sales, Transfers, Cancellation and/or Use of Subsidiary Holdings

Not applicable. There is no subsidiary holdings as at the end of the current financial period reported on.

SECTION 2 - OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Audit Statement

The condensed interim consolidated statement of financial position of the Group as at June 30, 2023, and the related condensed interim consolidated income statement and statement of other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the half year then ended and the notes to the condensed interim financial statements have not been audited or reviewed.

2. Review of Performance

For the half year ended June 30, 2023, the Group recorded a revenue of \$319.0 million, which is 27.9% higher than the \$249.5 million recorded for the corresponding period last year. Gross profit also increased by 53.1% from \$51.2 million for 1H 22 to \$78.3 million for the half year under review. The increase was mainly attributable to better performance by the Group's hotels and resorts in general, in line with the growth trend in international travel.

The Group generated an operating profit before share of results of associates and jointly controlled entities, depreciation, amortisation, fair value changes and finance costs of \$80.7 million for the half year ended June 30, 2023, compared to \$59.1 million for the corresponding period last year. Proceeds from disposal of 7 shop units in Ming Arcade of \$87.8 million was also fully collected upon completion in May 2023.

For the half year ended June 30, 2023, the Group recorded a mark-to-market fair value loss on long term investments of \$8.4 million compared to \$11.6 million for the corresponding period last year. Finance cost increased from \$21.8 million for first half 2022 to \$46.3 million for the half year under review mainly due to higher interest rates.

The Group shared losses of \$16.5 million from associates and jointly controlled entities for the first half of 2023 despite improvement in performance of most of our hotels mainly due to higher borrowing cost. The share of profit from the associates and jointly controlled entities of \$20.1 million for the corresponding period last year included a non-recurring gain from disposal of Hilton London Olympia of \$30 million.

Group loss before tax for the half year under review was \$8.9 million compared to profit before tax of \$8.5 million for the first half of 2022. After accounting for income tax and non-controlling interests, Group net loss attributable to shareholders for the half year ended June 30, 2023, was \$17.2 million compared to a net profit of \$1.9 million for the corresponding period last year.

3. Variance from Previous Forecast or Prospect Statement

Not applicable.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Barring unforeseen circumstances, the operating performance of the Group's hotels and resorts are expected to continue to improve for the rest of the year, with the second half being traditionally the stronger season for hospitality industry in general. The Group, however, is mindful of the continuing challenges such as inflationary cost pressures and rising interest rates.

5. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

It is not the Company's practice to declare/recommend an interim dividend.

7. Interested Person Transactions ("IPT")

The Group has not obtained a general mandate from shareholders for IPTs.

8. Review of Performance by Business Segments

Please refer to Section 2 paragraph 2 above.

9. Negative Assurance Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended June 30, 2023, to be false or misleading in any material respect.

10. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Joanna Lim Lan Sim
Company Secretary
August 11, 2023