

AF Global Limited

Company Registration No.197301118N
(Incorporated in the Republic of Singapore)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2022**

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group			
	01.01.2022 to 30.06.2022 ("1H2022")	01.01.2021 to 30.06.2021 ("1H2021")	Change
Note	S\$'000	S\$'000	%
Revenue	5,942	2,032	192
Cost of sales	(4,336)	(3,568)	22
Gross profit	1,606	(1,536)	NM
Other operating income	172	106	62
Marketing expenses	(359)	(201)	79
Administrative expenses	(2,110)	(2,680)	(21)
Other operating expenses	(2,037)	(2,144)	(5)
Operating loss	(2,728)	(6,455)	(58)
Finance costs	(367)	(344)	7
Share of results of joint venture companies	1,477	1,388	6
Loss before taxation	(1,618)	(5,411)	(70)
Taxation	(304)	(375)	(19)
Loss for the period	(1,922)	(5,786)	(67)
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation	(5,048)	(5,032)	-
Fair value (loss)/gain on investment securities	(169)	38	NM
<u>Item that will not be reclassified to profit or loss</u>			
Fair value (loss)/gain on investment securities	(1,293)	46	NM
Total comprehensive income for the period, net of tax	(6,510)	(4,948)	32
Total comprehensive income for the period	(8,432)	(10,734)	(21)
Loss for the period attributable to:			
Shareholders of the Company	(1,312)	(3,784)	(65)
Non-controlling interests	(610)	(2,002)	(70)
	(1,922)	(5,786)	(67)
Total comprehensive income for the period attributable to:			
Shareholders of the Company	(6,627)	(6,600)	-
Non-controlling interests	(1,805)	(4,134)	(56)
	(8,432)	(10,734)	(21)
Loss per share (cents)			
- Basic	(0.12)	(0.36)	
- Diluted	(0.12)	(0.36)	

'NM': Not meaningful.

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Other information:

	Group		
	1H2022 S\$'000	1H2021 S\$'000	Change %
Other operating income:			
Interest income from fixed deposits	140	86	63
Gain on sale of investment securities	9	14	(36)
Gain on sale of property, plant and equipment	1	4	(75)
Others	22	2	1,000
	<u>172</u>	<u>106</u>	62
Other operating expenses (**):			
Payroll and other indirect overheads	(574)	(480)	20
Utilities	(470)	(281)	67
Legal and professional fees	(129)	(276)	(53)
Foreign currency losses (#)	(733)	(1,001)	(27)
Others	(131)	(106)	24
	<u>(2,037)</u>	<u>(2,144)</u>	(5)
Loss before taxation is stated after crediting/(charging):			
Depreciation of property, plant and equipment	(2,006)	(2,289)	(12)
Depreciation of right-of-use asset	(30)	(56)	(46)
Amortisation of club memberships	(1)	(1)	-
Writeback of expected credit losses on trade receivables	-	51	NM
Property, plant and equipment written off	(1)	(17)	(94)

'NM': Not meaningful.

** Excluding foreign currency losses, the higher other operating expenses in 1H2022 was mainly attributed to costs incurred by Holiday Inn Resort Phuket as rooms at Main Wing progressively reopened.

The foreign currency losses in both 1H2022 and 1H2021 was mainly attributed to translation loss arising from translating Singapore Dollar denominated inter-company interest payable as Singapore Dollar had strengthened against Thai Baht.

NOTES

- (a) Cost of sales comprised mainly direct costs, depreciation and overheads in respect of the Group's hospitality business.
- (b) Administrative expenses comprised mainly payroll, expenses for the administration of the business including hotel management fee and statutory expenses. The lower administrative expenses was mainly attributed to lower staff costs in line with cost-saving measures amid the COVID-19 pandemic.
- (c) The higher finance costs was due to higher bank borrowings and interest rates.
- (d) This constitutes mainly our share of profits from Knight Frank group of companies in Singapore.
- (e) The lower tax expense was mainly due to lower deferred tax expense incurred on payments for employee benefits and the lower pre-tax profit of Cityview Apartments and Commercial Centre.
- (f) Foreign currency translation in other comprehensive income comprised exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency (Singapore Dollar); and the realisation of such exchange differences to profit or loss. The translation loss in 1H2022 was mainly attributed to weaker Thai Baht and Laotian Kip. The translation loss in 1H2021 was mainly attributed to weaker Thai Baht partially offset by stronger Renminbi.
- (g) These were mainly in respect of the fair value movements of the Group's investment in quoted debt securities classified under current assets and Xuzhou JV classified under non-current assets.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30.06.2022 S\$'000	31.12.2021 S\$'000	30.06.2022 S\$'000	31.12.2021 S\$'000
Non-current assets					
Property, plant and equipment	(a)	198,783	207,415	-	-
Intangible assets		34	35	-	-
Right-of-use asset	(b)	763	772	-	-
Subsidiary companies		-	-	296,109	296,296
Joint venture companies		36,056	34,679	-	-
Investment securities		4,033	4,033	-	-
Deferred tax assets		240	249	-	-
Investment in Xuzhou JV	(c)	54,296	55,527	-	-
		<u>294,205</u>	<u>302,710</u>	<u>296,109</u>	<u>296,296</u>
Current assets					
Investment securities		13,877	14,086	-	-
Inventories		122	123	-	-
Trade receivables		135	136	-	-
Other receivables		661	686	477	155
Prepayments		209	179	3	9
Amount due from a subsidiary company	(d)	-	-	603	-
Cash and short-term deposits		12,996	13,416	155	846
		<u>28,000</u>	<u>28,626</u>	<u>1,238</u>	<u>1,010</u>
Current liabilities					
Trade payables		1,009	983	-	-
Other payables and accruals		4,761	4,840	270	455
Provision for taxation		116	82	4	13
Lease liabilities		32	28	-	-
Loans and borrowings	(e)	13,481	12,092	10,341	9,432
		<u>19,399</u>	<u>18,025</u>	<u>10,615</u>	<u>9,900</u>
Net current assets/(liabilities)	(f)	8,601	10,601	(9,377)	(8,890)
Non-current liabilities					
Amount due to a subsidiary company		-	-	17,792	17,792
Lease liabilities		871	864	-	-
Loans and borrowings	(e)	11,977	13,193	1,538	1,910
Deferred tax liabilities		24,662	25,203	-	-
		<u>37,510</u>	<u>39,260</u>	<u>19,330</u>	<u>19,702</u>
Net assets		<u>265,296</u>	<u>274,051</u>	<u>267,402</u>	<u>267,704</u>
Equity attributable to shareholders of the Company					
Share capital		209,518	209,518	209,518	209,518
Reserves		5,815	12,448	57,884	58,186
		<u>215,333</u>	<u>221,966</u>	<u>267,402</u>	<u>267,704</u>
Non-controlling interests		49,963	52,085	-	-
Total equity		<u>265,296</u>	<u>274,051</u>	<u>267,402</u>	<u>267,704</u>

NOTES

- (a) Apart from depreciation, the decrease in property, plant and equipment was mainly attributed to weaker Thai Baht and Laotian Kip.
- (b) The decrease was due to depreciation of right-of-use asset partially offset by stronger United States Dollar.
- (c) This is in respect of the Group's investment in Xuzhou JV. The decrease in carrying value was due to weaker Renminbi.
- (d) The amount due from a subsidiary company comprises advances and payments made on behalf.
- (e) The increase in external borrowings of the Group and the Company was attributed to drawdowns by a subsidiary company from an existing term loan facility and by the Company from a revolving credit facility for working capital. These increases were partially offset by instalment repayment of term loans.
- (f) The increase in net current liabilities of the Company was mainly attributed to the utilisation of an existing revolving credit facility by the Company as mentioned in Note (e) above.

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
Cash flows from operating activities:		
Loss before taxation	(1,618)	(5,411)
Adjustments for:		
Depreciation of property, plant and equipment	2,006	2,289
Depreciation of right-of-use asset	30	56
Gain on sale of property, plant and equipment	(1)	(4)
Property, plant and equipment written off	1	17
Gain on sale of investment securities	(9)	(14)
Share of results of joint venture companies	(1,477)	(1,388)
Amortisation of club memberships	1	1
Interest income	(565)	(515)
Finance costs	367	344
Unrealised foreign exchange differences	795	1,136
Operating loss before reinvestment in working capital	(470)	(3,489)
(Increase)/decrease in inventories	(7)	3
Increase in receivables and prepayments	(25)	(23)
Increase/(decrease) in payables	55	(137)
Cash flows used in operations	(447)	(3,646)
Interest received	607	478
Interest paid	(332)	(308)
Income taxes paid	(85)	(224)
Net cash flows used in operating activities	(257)	(3,700)
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	1	4
Purchase of property, plant and equipment	(73)	(28)
Purchase of investment securities	(2,500)	(3,000)
Proceeds from sale of investment securities	2,506	3,009
Net cash flows used in investing activities	(66)	(15)
Cash flows from financing activities:		
Proceeds from bank loans	1,114	2,550
Repayment of bank loans	(606)	-
Repayment of lease liabilities	(103)	(129)
Dividend paid to a non-controlling interest	(317)	(319)
Net cash flows from financing activities	88	2,102
Net decrease in cash and cash equivalents	(235)	(1,613)
Effects of exchange rate changes on cash and cash equivalents	(185)	(164)
Cash and cash equivalents at beginning of period	13,362	16,589
Cash and cash equivalents at end of period	12,942	14,812

NOTES

- (a) Cash and cash equivalents comprised the following amounts:
- | | | |
|---|---------------|---------------|
| Fixed deposits | 7,723 | 7,869 |
| Cash and bank balances | 5,273 | 6,997 |
| Cash and short-term deposits per Consolidated Statement of Financial Position | 12,996 | 14,866 |
| Less : Fixed deposit pledged | (54) | (54) |
| Cash and cash equivalents per Consolidated Statement of Cash Flows | 12,942 | 14,812 |
- (b) The deficit in cash flows from operations for both 1H2022 and 1H2021 were mainly attributed to adverse impact of the COVID-19 pandemic on the Group's hospitality business.

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	-----Attributable to shareholders of the Company-----						Non-controlling	Total		
	Share capital S\$'000	Capital and other reserves S\$'000	Legal reserve S\$'000	Foreign currency translation reserve S\$'000	Asset revaluation reserve S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total reserves S\$'000	interests S\$'000	equity S\$'000
1H2022										
As at 1 January 2022	209,518	46,302	30	(965)	47,742	(505)	(33,854)	12,448	52,085	274,051
Loss for the period	-	-	-	-	-	-	(1,312)	(1,312)	(610)	(1,922)
Other comprehensive income for the period, net of tax	-	(5,315)	-	(3,853)	-	(1,462)	-	(5,315)	(1,195)	(6,510)
Total comprehensive income for the period	-	(5,315)	-	(3,853)	-	(1,462)	(1,312)	(6,627)	(1,805)	(8,432)
<i>Others</i>										
Dividend paid to a non-controlling interest	-	-	-	-	-	-	-	-	(317)	(317)
Share of reserves of a joint venture company	-	7	-	-	-	7	(13)	(6)	-	(6)
Total others	-	7	-	-	-	7	(13)	(6)	(317)	(323)
As at 30 June 2022	209,518	40,994	30	(4,818)	47,742	(1,960)	(35,179)	5,815	49,963	265,296
1H2021										
As at 1 January 2021	209,518	52,791	30	5,565	48,251	(1,055)	(28,153)	24,638	59,585	293,741
Loss for the period	-	-	-	-	-	-	(3,784)	(3,784)	(2,002)	(5,786)
Other comprehensive income for the period, net of tax	-	(2,816)	-	(2,900)	-	84	-	(2,816)	(2,132)	(4,948)
Total comprehensive income for the period	-	(2,816)	-	(2,900)	-	84	(3,784)	(6,600)	(4,134)	(10,734)
<i>Others</i>										
Dividend paid to a non-controlling interest	-	-	-	-	-	-	-	-	(319)	(319)
Share of reserves of a joint venture company	-	61	-	-	-	61	(61)	-	-	-
Total others	-	61	-	-	-	61	(61)	-	(319)	(319)
As at 30 June 2021	209,518	50,036	30	2,665	48,251	(910)	(31,998)	18,038	55,132	282,688

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Company	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
<u>1H2022</u>			
As at 1 January 2022	209,518	58,186	267,704
Loss for the period, representing total comprehensive income for the period	-	(302)	(302)
As at 30 June 2022	209,518	57,884	267,402
<u>1H2021</u>			
As at 1 January 2021	209,518	57,170	266,688
Loss for the period, representing total comprehensive income for the period	-	(197)	(197)
As at 30 June 2021	209,518	56,973	266,491

E. NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

AF Global Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and listed on Singapore Exchange Securities Trading Limited ("SGX-ST").

These condensed interim consolidated financial statements as at and for the half-year ended 30 June 2022 comprised the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies. The subsidiary and joint venture companies invest in properties, develop properties for sale, provide a full suite of real estate consultancy services and own and operate hotels and serviced residences.

2. Basis of preparation

The condensed interim financial statements for the half-year ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("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 31 December 2021.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all new and amendments to SFRS(I) relevant to the Group's operations which are effective for annual periods beginning on 1 January 2022. The adoption of these standards did not result in any significant impact on the financial performance or financial position of the Group and the Company.

The condensed interim financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values are rounded to the nearest thousand (S\$'000) unless otherwise stated.

2.1 *New and amendments to SFRS(I) adopted*

A number of amendments to SFRS(I) have become applicable for the current financial period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 *Significant accounting estimates and judgments*

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates.

The significant judgments 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.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the current financial period.

E. NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment information

For management purposes, the Group is organised into business units based on the nature of products and services provided.

The reportable operating segments are as follows:

The property segment relates to project and property management, real estate consultancy services, investment in properties and development of properties for sale.

The hotel and serviced residence segment relates to ownership and operation of hotels and serviced residences.

The others segment relates mainly to investment holding activities.

	Group			
	Property	Hotel and serviced residence	Others	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
1H2022				
Segment revenue				
Total segment sales	-	5,517	704	6,221
Inter-segment sales	-	-	(279)	(279)
Revenue	-	5,517	425	5,942
Segment results	(98)	(2,440)	(190)	(2,728)
Finance costs	-	(217)	(150)	(367)
Share of results of joint venture companies	1,477	-	-	1,477
Profit/(loss) before taxation	1,379	(2,657)	(340)	(1,618)
Taxation	-	(279)	(25)	(304)
Profit/(loss) for the period	1,379	(2,936)	(365)	(1,922)
Segment assets	73	213,241	389	213,703
Investment in joint venture companies	36,056	-	-	36,056
Investment securities	-	-	17,910	17,910
Deferred tax assets	-	240	-	240
Investment in Xuzhou JV	54,296	-	-	54,296
Total assets	90,425	213,481	18,299	322,205
Segment liabilities	783	5,530	360	6,673
Loans and borrowings	-	13,579	11,879	25,458
Tax liabilities	53	24,669	56	24,778
Total liabilities	836	43,778	12,295	56,909
Other segment information:				
Capital expenditures	-	73	-	73
Depreciation of property, plant and equipment	-	2,006	-	2,006
Depreciation of right-of-use asset	-	30	-	30
Amortisation expenses	-	1	-	1
Interest income	-	140	425	565
Property, plant and equipment written off	-	1	-	1

E. NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
4. Segment information (continued)

	Group			
	Property	Hotel and serviced residence	Others	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
1H2021				
<i>Segment revenue</i>				
Total segment sales	-	1,603	803	2,406
Inter-segment sales	-	-	(374)	(374)
Revenue	-	1,603	429	2,032
Segment results	(326)	(5,971)	(158)	(6,455)
Finance costs	-	(208)	(136)	(344)
Share of results of joint venture companies	1,388	-	-	1,388
Profit/(loss) before taxation	1,062	(6,179)	(294)	(5,411)
Taxation	-	(348)	(27)	(375)
Profit/(loss) for the period	1,062	(6,527)	(321)	(5,786)
Segment assets	152	235,303	402	235,857
Asset classified as held for sale	54,427	-	-	54,427
Investment in joint venture companies	34,287	-	-	34,287
Investment securities	-	-	17,730	17,730
Deferred tax assets	-	319	-	319
Total assets	88,866	235,622	18,132	342,620
Segment liabilities	922	5,736	410	7,068
Loans and borrowings	-	14,398	12,200	26,598
Tax liabilities	53	26,091	122	26,266
Total liabilities	975	46,225	12,732	59,932
Other segment information:				
Capital expenditures	-	28	-	28
Depreciation of property, plant and equipment	-	2,289	-	2,289
Depreciation of right-of-use asset	-	56	-	56
Amortisation expenses	-	1	-	1
Interest income	-	87	428	515
Property, plant and equipment written off	-	17	-	17

E. NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. Revenue

Segments	Group					
	Hotel and serviced residence		Others		Total	
	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000
Primary geographical markets						
Singapore	-	-	425	429	425	429
Thailand	4,111	133	-	-	4,111	133
Vietnam	872	966	-	-	872	966
Lao People's Democratic Republic	534	504	-	-	534	504
	<u>5,517</u>	<u>1,603</u>	<u>425</u>	<u>429</u>	<u>5,942</u>	<u>2,032</u>
Major product or service lines						
Revenue from room, food & beverage and services rendered	5,074	1,195	-	-	5,074	1,195
Rental income	443	408	-	-	443	408
Interest income	-	-	425	429	425	429
	<u>5,517</u>	<u>1,603</u>	<u>425</u>	<u>429</u>	<u>5,942</u>	<u>2,032</u>
Timing of transfer of goods or services						
At a point in time	5,074	1,195	425	429	5,499	1,624
Over time	443	408	-	-	443	408
	<u>5,517</u>	<u>1,603</u>	<u>425</u>	<u>429</u>	<u>5,942</u>	<u>2,032</u>

6. Related party disclosures

	Group	
	1H2022 S\$'000	1H2021 S\$'000
Related parties		
<i>Aspial Corporation Limited and its subsidiary companies:</i>		
Interest income received	425	429
Purchase of investment securities	(2,500)	(3,000)
Corporate service fee paid	(228)	(228)
Rental and maintenance expenses paid	(94)	(118)
<i>Fragrance Group Limited[#] and its subsidiary companies:</i>		
Facilities management fee received by a joint venture company of the Group*	88	84
Agency commission received by a joint venture company of the Group*	13	-
<i>A joint venture company of Aspial Corporation Limited and Fragrance Group Limited :</i>		
Agency commission received by a joint venture company of the Group*	-	33

a company in which Mr Koh Wee Meng has an interest of 30% or more. Mr Koh Wee Seng, a controlling shareholder of the Company, and Mr Koh Wee Meng are siblings.

* based on the Group's effective interest in the transactions.

E. NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**7. Taxation**

The major components of income tax expense were:

	Group	
	1H2022 S\$'000	1H2021 S\$'000
Current tax		
- Current year	120	135
Deferred tax		
- Origination and reversal of temporary differences	184	240
Income tax expense recognised in profit or loss	304	375

8. Net asset value

	Group		Company	
	30.06.2022 S\$	31.12.2021 S\$	30.06.2022 S\$	31.12.2021 S\$
Net asset value per ordinary share attributable to shareholders of the Company	0.20	0.21	0.25	0.25

9. Property, plant and equipment

During the half-year ended 30 June 2022, the Group acquired assets amounting to S\$73,000 (30 June 2021: S\$28,000) and disposed of assets with net book value amounting to S\$1,000 (30 June 2021: S\$17,000).

10. Investment securities

At fair value through other comprehensive income:

	Group	
	30.06.2022 S\$'000	31.12.2021 S\$'000
Non-current		
Unquoted equity securities	4,033	4,033
Investment in Xuzhou JV	54,296	55,527
Current		
Quoted debt securities	13,877	14,086

11. Loans and borrowings

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Repayable within 12 months				
Secured	9,740	8,360	6,600	5,700
Unsecured	3,741	3,732	3,741	3,732
Repayable after 12 months				
Secured	10,439	11,283	-	-
Unsecured	1,538	1,910	1,538	1,910
	25,458	25,285	11,879	11,342

Details of the Group's secured borrowings comprised:

- (i) A revolving credit facility of S\$6,600,000 secured by a pledge of shares of a company in the Group.
- (ii) Four term loans aggregating S\$12,060,000 secured by a mortgage on the freehold land and buildings owned by a company in the Group.
- (iii) A term loan of S\$1,519,000 secured by a corporate guarantee of the Company.

12. Share capital

Ordinary shares of the Company:

	No. of shares		Share capital	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	'000	'000	S\$'000	S\$'000
Balance at beginning and end	1,055,639	1,055,639	209,518	209,518

There was no change in the Company's share capital since the end of the previous financial year up to the end of the current financial period. The Company's issued and fully paid-up shares as at 30 June 2022 comprised 1,055,639,464 (31 December 2021 and 30 June 2021: 1,055,639,464) ordinary shares with voting rights.

The Company has no treasury shares, subsidiary holdings or outstanding convertibles as at 30 June 2022, 31 December 2021 and 30 June 2021.

13. Fair value of assets and liabilities

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety at the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

E. NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. Fair value of assets and liabilities (continued)

Assets and liabilities measured at fair values

The following table shows an analysis of the Group's assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
30.06.2022				
Non-financial asset				
Property, plant and equipment	-	-	190,320	190,320
Financial assets				
Investment securities				
- Unquoted equity securities	-	-	4,033	4,033
- Quoted debt securities	13,877	-	-	13,877
Investment in Xuzhou JV	-	-	54,296	54,296
31.12.2021				
Non-financial asset				
Property, plant and equipment	-	-	197,845	197,845
Financial assets				
Investment securities				
- Unquoted equity securities	-	-	4,033	4,033
- Quoted debt securities	14,086	-	-	14,086
Investment in Xuzhou JV	-	-	55,527	55,527

Fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Level 3 fair value measurements

Property, plant and equipment measured at fair values were appraised as at 31 December 2021 by engaging independent valuation specialists to perform the valuation. The Directors are responsible for selecting and engaging independent valuation specialists that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance.

The Group did not engage independent valuation specialists to determine the fair values of the property, plant and equipment as at 30 June 2022. In assessing the fair values as at the reporting date, the Directors consider those underlying factors that would have an impact on the fair values of the property, plant and equipment. The Directors determine that the fair values of property, plant and equipment remain reasonable and appropriate. There were no revaluation movements in property, plant and equipment during the current financial period.

There was no change in the valuation technique and types of inputs used in deriving the fair value of unquoted equity securities. There was no movement in the fair value of unquoted equity securities during the current financial period.

The key assumptions used in fair value measurements are based on the relevant market conditions prevailing at reporting date which may change significantly or unexpectedly after the reporting date given the increase in the level of estimation uncertainty caused by COVID-19 pandemic.

E. NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
14. Classification of assets and liabilities (continued)

	Company		
	Assets at amortised cost S\$'000	Non-financial asset S\$'000	Total S\$'000
30.06.2022			
Assets			
Non-current			
Subsidiary companies	102,125	-	102,125
Current			
Other receivables	477	-	477
Prepayments	-	3	3
Amount due from a subsidiary company	603	-	603
Cash and short-term deposits	155	-	155
	103,360	3	103,363
Liabilities at amortised cost S\$'000			
Non-financial liability S\$'000			
Total S\$'000			
30.06.2022			
Liabilities			
Current			
Other payables and accruals	270	-	270
Provision for taxation	-	4	4
Loans and borrowings	10,341	-	10,341
Non-current			
Amount due to a subsidiary company	17,792	-	17,792
Loans and borrowings	1,538	-	1,538
	29,941	4	29,945
31.12.2021			
Assets			
Non-current			
Subsidiary companies	102,312	-	102,312
Current			
Other receivables	155	-	155
Prepayments	-	9	9
Amount due from a subsidiary company	-	-	-
Cash and short-term deposits	846	-	846
	103,313	9	103,322
Liabilities at amortised cost S\$'000			
Non-financial liability S\$'000			
Total S\$'000			
31.12.2021			
Liabilities			
Current			
Other payables and accruals	455	-	455
Provision for taxation	-	13	13
Loans and borrowings	9,432	-	9,432
Non-current			
Amount due to a subsidiary company	17,792	-	17,792
Loans and borrowings	1,910	-	1,910
	29,589	13	29,602

Para**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures in this announcement have not been audited or reviewed by the Company's auditor.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

Revenue of the Group for 1H2022 of S\$5.9 million was S\$3.9 million higher than 1H2021.

Hotel and Serviced Residence

Revenue of S\$5.5 million was S\$3.9 million higher than 1H2021. It was mainly attributed to higher occupancies and room rates of Holiday Inn Resort Phuket ("HIRP") as Thai border restrictions were gradually eased in 1H2022 and rooms at Main Wing progressively reopened.

The revenue of Somerset Vientiane ("SV") was comparable with 1H2021. The higher revenue due to higher occupancy and room rates was offset by the weaker Laotian Kip.

The lower revenue of Cityview Apartments and Commercial Centre ("CV") was mainly attributed to lower occupancy as it has yet to recover from the impact of COVID-19.

Others

Revenue of S\$0.4 million was comparable with 1H2021.

Property

No revenue was recorded for both 1H2022 and 1H2021.

Para

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Loss Before Tax

The Group's pre-tax loss of S\$1.6 million was S\$3.8 million lower than 1H2021.

Hotel and Serviced Residence

This sector's pre-tax loss of S\$2.7 million was S\$3.5 million lower than 1H2021. It was mainly attributed to lower pre-tax losses of HIRP and SV as well as lower foreign currency losses in 1H2022 compared to 1H2021 on translation of Singapore Dollar denominated inter-company interest payable. Singapore Dollar had strengthened at a slower rate against Thai Baht in 1H2022.

The lower pre-tax loss of HIRP was due to higher revenue and lower staff costs, whilst the lower pre-tax loss of SV was mainly attributed to weaker Laotian Kip and lower depreciation as a result of a fair value adjustment in the previous financial year.

The pre-tax profit of CV was comparable with 1H2021.

Others

Pre-tax loss of S\$0.3 million was comparable with 1H2021.

Property

This sector's pre-tax profit of S\$1.4 million was S\$0.3 million higher than 1H2021. It was mainly attributed to lower legal and professional fees incurred on litigation in respect of the investment in Xuzhou JV.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10 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.**

The Group's hospitality assets saw an increase in occupancy in 2Q2022 due to the gradual easing of border controls across the countries that we operate in. We expect pent-up demand for leisure and business travels to accelerate in the medium term.

The Group is taking various steps to manage its operating costs and enhance efficiencies across all its hospitality assets amidst labour shortages, rising inflation and economic uncertainties.

In the long term, we are dedicated to managing and enhancing our portfolio of assets to stay competitive and create value for shareholders. We will also explore potential opportunities for acquisitions and divestments to unlock value and recycle capital for higher yield and growth.

In China, the Xuzhou Gulou Square project is still under court proceedings and we will provide an update when there is further material development.

In Singapore, the real estate market remains strong despite an increase in interest rates. The Knight Frank agency business is expected to be stable.

Para

11 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) Record date.

Not applicable.

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

No dividend has been declared or recommended for the current financial period reported on as the Board of Directors deemed it necessary to preserve cash for working capital.

13 Confirmation pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

The Company does not have a general mandate from shareholders for interested person transactions.

14 Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.

The Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the Unaudited Condensed Interim Financial Statements for the Half-Year ended 30 June 2022 to be false or misleading in any material respect.

On behalf of the Board of Directors

Koh Wee Seng
Chairman

Chay Yue Kai
Director

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

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

BY ORDER OF THE BOARD

Lim Swee Ann
Company Secretary

5 August 2022