



**Unaudited Condensed Interim Financial Information
For the Second Half and Financial Year
Ended 31 December 2021**

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 2021**

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

	Notes	The Group		The Company	
		31 Dec 21 \$'000	31 Dec 20 \$'000	31 Dec 21 \$'000	31 Dec 20 \$'000
ASSETS					
Current assets					
Cash and bank balances		29,139	16,202	19,287	4,648
Financial assets at fair value through profit or loss	4	4,757	3,406	1,477	1,006
Financial assets at fair value through other comprehensive income	5	8,127	8,447	1,660	1,766
Trade receivables	6	3,381	2,041	603	770
Other receivables, deposits and prepaid expenses	7	3,368	11,202	167	579
Inventories		918	1,043	269	285
Income tax recoverable		30	5	-	-
Total current assets		49,720	42,346	23,463	9,054
Non-current assets					
Subsidiaries		-	-	207,474	199,800
Other assets		529	530	61	84
Financial assets at fair value through other comprehensive income	5	18,478	17,841	15,528	15,252
Property, plant and equipment	8	615,647	614,389	221,130	247,778
Investment properties	9	109,772	107,705	22,138	22,490
Total non-current assets		744,426	740,465	466,331	485,404
Total assets		794,146	782,811	489,794	494,458
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	10	29,709	7,321	720	360
Trade payables		4,355	3,209	1,922	1,537
Other payables	11	4,591	5,278	4,265	2,830
Current income tax liabilities		715	1,885	447	1,099
Derivative financial instruments	12	-	196	-	-
Total current liabilities		39,370	17,889	7,354	5,826
Non-current liabilities					
Other payables	11	27	31	33,014	27,888
Retirement benefit obligations		291	497	-	-
Long-term bank loans	10	166,422	120,197	72,404	43,561
Deferred tax liabilities	19	26,866	20,379	841	787
Total non-current liabilities		193,606	141,104	106,259	72,236
Capital and reserves					
Share capital	13	150,665	150,665	150,665	150,665
Asset revaluation reserve		338,010	382,010	194,308	219,508
Employee benefit reserve		32	180	-	-
Fair value reserve		17,645	17,272	14,435	14,065
Translation reserve		(2,232)	4,341	-	-
Retained earnings		57,050	69,350	16,773	32,158
Total equity		561,170	623,818	376,181	416,396
Total liabilities and equity		794,146	782,811	489,794	494,458

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

The Group

	<u>Notes</u>	<u>6 months ended 31 December 2021 \$'000</u>	<u>6 months ended 31 December 2020 \$'000</u>	<u>+ / (-) %</u>	<u>12 months ended 31 December 2021 \$'000</u>	<u>12 months ended 31 December 2020 \$'000</u>	<u>+ / (-) %</u>
Revenue	14	14,879	13,197	12.7	26,280	30,618	(14.2)
Cost of sales		(11,617)	(10,561)	10.0	(21,199)	(21,795)	(2.7)
Gross profit		3,262	2,636	23.7	5,081	8,823	(42.4)
Other income							
- Bargain purchase gain arising from acquisition of business	23	(85)	-	n.m.	8,328	-	n.m.
- Miscellaneous income	15	10,988	589	>100	12,190	985	>100
Distribution and marketing expenses		(306)	(426)	(28.2)	(605)	(938)	(35.5)
Administrative expenses		(5,993)	(3,571)	67.8	(10,560)	(9,469)	11.5
Other expenses							
- Expenses relating to acquisition of business	23	(2)	-	n.m.	(3,986)	-	n.m.
- Miscellaneous expenses	16	(6,827)	(15,334)	(55.5)	(9,643)	(16,531)	(41.7)
Finance expenses	17	(2,248)	(1,306)	72.1	(4,163)	(2,971)	40.1
Loss before income tax	18	(1,211)	(17,412)	(93.0)	(3,358)	(20,101)	(83.3)
Income tax expense	19	(7,501)	(423)	>100	(7,576)	(743)	>100
Loss for the financial period, attributable to the owners of the Company		(8,712)	(17,835)	(51.2)	(10,934)	(20,844)	(47.5)

nm : not meaningful

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>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>+ / (-)</u> <u>%</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>+ / (-)</u> <u>%</u>
Loss for the period	(8,712)	(17,835)	(51.2)	(10,934)	(20,844)	(47.5)
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)	(3,149)	1,853	n.m.	(6,573)	552	n.m.
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>						
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income	409	1,478	(72.3)	1,527	701	>100
Deferred tax relating to revaluation of freehold land	-	6	n.m.	-	6	n.m.
Re-measurement of defined benefit obligation	(132)	36	n.m.	(148)	25	n.m.
Decrease in valuation of freehold land - hotels	(44,000)	(42,465)	3.6	(44,000)	(42,465)	3.6
	(43,723)	(40,945)	6.8	(43,621)	(41,733)	0.5
Other comprehensive loss for the period, net of tax	(46,872)	(39,092)	19.9	(49,194)	(41,181)	19.5
Total comprehensive loss for the period attributable to owners of the Company	(55,584)	(56,927)	(2.4)	(60,128)	(62,025)	(3.1)

n.m. : not meaningful

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 2020	150,665	424,469	155	16,536	3,789	92,755	688,369
<i>Total comprehensive income (loss) for the financial period</i>							
Loss for the period	-	-	-	-	-	(20,844)	(20,844)
Other comprehensive (loss) income for the period	-	(42,459)	25	736	552	(35)	(41,181)
Total	-	(42,459)	25	736	552	(20,879)	(62,025)
<i>Transactions with owners recognised directly in equity</i>							
Dividends paid	-	-	-	-	-	(2,526)	(2,526)
Balance at 31 December 2020	150,665	382,010	180	17,272	4,341	69,350	623,818
Balance at 1 January 2021	150,665	382,010	180	17,272	4,341	69,350	623,818
<i>Total comprehensive income (loss) for the financial period</i>							
Loss for the period	-	-	-	-	-	(10,934)	(10,934)
Other comprehensive (loss) income for the period	-	(44,000)	(148)	373	(6,573)	1,154	(49,194)
Total	-	(44,000)	(148)	373	(6,573)	(9,780)	(60,128)
<i>Transactions with owners recognised directly in equity</i>							
Dividends paid	-	-	-	-	-	(2,520)	(2,520)
Balance at 31 December 2021	150,665	338,010	32	17,645	(2,232)	57,050	561,170

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 2020	150,665	244,108	14,082	40,916	449,771
<i>Total comprehensive income (loss) for the financial period</i>					
Loss for the period	-	-	-	(6,197)	(6,197)
Other comprehensive loss for the period	-	(24,600)	(17)	(35)	(24,652)
Total	-	(24,600)	(17)	(6,232)	(30,849)
<i>Transactions with owners recognised directly in equity</i>					
Dividends paid	-	-	-	(2,526)	(2,526)
Balance at 31 December 2020	150,665	219,508	14,065	32,158	416,396
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	-	-	-	(12,971)	(12,971)
Other comprehensive (loss) income for the period	-	(25,200)	370	106	(24,724)
Total	-	(25,200)	370	(12,865)	(37,695)
<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	16,773	376,181

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

	<u>Notes</u>	<u>The Group</u>	
		<u>2021</u>	<u>2020</u>
		<u>\$'000</u>	<u>\$'000</u>
Cash flows from operating activities			
Loss before income tax		(3,358)	(20,101)
Adjustments for:			
Dividend income		(844)	(302)
Interest income		-	(9)
Depreciation expense		7,645	7,787
Finance expenses		4,163	2,971
Loss on disposal and write-off of property, plant and equipment		-	16
Gain on disposal of investment property		(9,920)	-
Net fair value loss on financial assets at fair value through profit or loss		11	134
Allowance for doubtful receivables no longer required		154	320
Bargain purchase gain arising from acquisition of business	23	(8,328)	-
Impairment loss on building		7,209	8,765
Impairment of goodwill		-	2,007
Impairment loss on investment property		-	3,500
Reversal of impairment loss on investment property		(96)	-
Write back of allowance for doubtful receivables		(222)	(18)
Fair value loss on derivative financial instruments		(196)	196
Operating (loss) profit before working capital changes		(3,782)	5,266
Changes in working capital:			
Inventories		79	46
Trade and other receivables		6,307	(1,438)
Financial assets at fair value through profit or loss		(1,362)	185
Trade and other payables		293	(2,518)
Cash generated from operations		1,535	1,541
Dividend income received		844	302
Interest paid on borrowings and lease liabilities		(4,163)	(2,971)
Interest income received		-	9
Income tax paid		(1,249)	(2,124)
Net cash used in operating activities		(3,033)	(3,243)
Cash flows from investing activities			
Purchase of financial assets at fair value loss through other comprehensive income		(3,139)	(2,385)
Proceeds from disposal of investments		3,316	1,504
Purchase of property, plant and equipment		(2,437)	(3,220)
Arising from acquisition of business	23	(56,484)	-
Improvements to investment property		(7,048)	(6,735)
Proceeds from disposal of investment property		10,739	6
Net cash used in investing activities		(55,053)	(10,830)

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

	<u>The Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash flows from financing activities		
Payment of dividends to members of the Company	(2,520)	(2,526)
Proceeds from bank loan	90,195	14,028
Repayment of borrowings	(16,345)	(2,088)
Fixed deposits pledged to banks	17	-
Net cash generated from financing activities	<u>71,347</u>	<u>9,414</u>
Net increase (decrease) in cash and cash equivalents	13,261	(4,659)
Cash and cash equivalents at beginning of the period	15,149	19,850
Effects of currency translation on cash and cash equivalents	(307)	(42)
Cash and cash equivalents at end of the period	<u>28,103</u>	<u>15,149</u>

Cash and cash equivalents consist of:

	<u>Group</u>	
	<u>As at 31 December</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash on hand	113	110
Cash at bank	16,703	12,251
Fixed deposits	2,323	3,841
Time deposits	10,000	-
	<u>29,139</u>	<u>16,202</u>
Less: Fixed deposits pledged	(1,036)	(1,053)
Total	<u>28,103</u>	<u>15,149</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 2021 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 2021 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 2020.

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 2020.

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 16 - 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 2021, 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Quoted bonds	4,746	3,396	1,466	997
Unquoted managed funds	11	10	11	9
	<u>4,757</u>	<u>3,406</u>	<u>1,477</u>	<u>1,006</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 \$11,000 (2020: net loss of \$134,000) have been included in profit or loss for the year as part of “other expenses” (2020: “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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Current assets</i>				
Quoted equity shares	8,127	8,447	1,660	1,766
<i>Non-current assets</i>				
Quoted equity shares	3,553	3,147	603	558
Unquoted equity shares	14,925	14,694	14,925	14,694
	<u>18,478</u>	<u>17,841</u>	<u>15,528</u>	<u>15,252</u>
Total	<u>26,605</u>	<u>26,288</u>	<u>17,188</u>	<u>17,018</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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</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	4,746	3,396	-	-
- Unquoted managed funds	-	-	11	10
<hr/>				
Financial assets at fair value through other comprehensive income:				
- Quoted equity shares	10,820	11,594	-	-
- Unquoted managed funds	-	-	860	-
- Unquoted equity shares	-	-	14,925	14,694
<hr/>				
<u>The Company</u>				
Financial assets at fair value through profit or loss:				
- Quoted bonds	1,466	997	-	-
- Unquoted managed funds	-	-	11	9
<hr/>				
Financial assets at fair value through other comprehensive income:				
- Quoted equity shares	2,263	2,324	-	-
- Unquoted equity shares	-	-	14,925	14,694
<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>2021</u>			
<u>Group</u>			
Opening balance	10	14,694	14,704
Addition	-	851	851
Total gains or loss:			
- In profit or loss *	1	-	1
- In other comprehensive income	-	240	240
Closing balance	<u>11</u>	<u>15,785</u>	<u>15,796</u>
<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	<u>11</u>	<u>14,925</u>	<u>14,936</u>
	Financial assets at FVTPL (Unquoted managed funds) \$'000	Financial assets at FVTOCI (Unquoted equity shares) \$'000	Total \$'000
<u>2020</u>			
<u>Group</u>			
Opening balance	5	14,831	14,836
Total gains or loss:			
- In profit or loss *	5	-	5
- In other comprehensive income	-	(137)	(137)
Closing balance	<u>10</u>	<u>14,694</u>	<u>14,704</u>
<u>Company</u>			
Opening balance	1	14,831	14,832
Total gains or loss:			
- In profit or loss *	8	-	8
- In other comprehensive income	-	(137)	(137)
Closing balance	<u>9</u>	<u>14,694</u>	<u>14,703</u>

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

All 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	3,764	2,531	739	853
Related parties ⁽¹⁾	18	20	-	-
Total	3,782	2,551	739	853
Less: Loss allowance	(401)	(510)	(136)	(83)
	<u>3,381</u>	<u>2,041</u>	<u>603</u>	<u>770</u>

⁽¹⁾ 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Outside parties	1,188	778	63	119
Refundable deposits	517	6,799	-	-
Prepaid expenses	1,623	3,019	64	87
Government grant receivables	40	-	40	-
Placement of time deposit	-	606	-	373
	<u>3,368</u>	<u>11,202</u>	<u>167</u>	<u>579</u>

8. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 31 Dec 2021, the Group acquired assets amounting to \$67,249,000 (31 Dec 2020: \$3,220,000) and disposed of assets amounting to \$62,000. (31 Dec 2020: \$360,000)

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 2021 and 2020, 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>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Cost</i>		
Beginning of financial year	131,793	120,515
Improvements	7,048	6,735
Disposals	(1,442)	-
Currency translation differences	(3,370)	4,543
End of period	134,029	131,793
<i>Accumulated depreciation and impairment losses</i>		
Beginning of financial year	24,088	18,438
Depreciation charge for the period	1,561	1,212
Disposals	(622)	-
Reversal of impairment loss	(96)	3,500
Currency translation differences	(674)	938
End of period	24,257	24,088
Net book value	109,772	107,705

	<u>The Company</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Cost</i>		
Beginning of financial year	25,961	25,999
Improvements	-	(38)
End of period	25,961	25,961
<i>Accumulated depreciation</i>		
Beginning of financial year	3,471	3,124
Depreciation charge for the period	352	347
End of period	3,823	3,471
Net book value	22,138	22,490

10. BANK LOANS

	<u>The Group</u>		<u>The Company</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Amount repayable within one year or on demand				
Secured*	29,709	7,321	720	360
Unsecured	-	-	-	-
Amount repayable after one year				
Secured	166,422	120,197	72,404	43,561
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.

*A loan of S\$15.2m from the bank of New Zealand was reclassified as short-term loan in FY 2021 as the Group negotiates with the bank on the refinancing terms.

11. OTHER PAYABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Outside parties	4,538	4,414	87	97
Subsidiaries	-	-	33,014	27,888
Deferred grant income	80	895	-	577
Financial guarantee contract liabilities	-	-	4,178	2,156
Total	4,618	5,309	37,279	30,718
Less: Amount payable within 12 months (shown under current liabilities)	(4,591)	(5,278)	(4,265)	(2,830)
Amount payable after 12 months	27	31	33,014	27,888

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses interest rate swaps to partially manage its exposure to interest rate movements on its bank borrowing by swapping a proportion of those borrowings from floating rates to fixed rates. A notional principal amount of \$10m had its floating rate swapped to a fixed rate of 1.94% on 4 February 2019 for a period of 3 years.

13(i). SHARE CAPITAL**The Group and the Company**

	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	<u>Number of ordinary shares</u>		<u>S\$'000</u>	<u>S\$'000</u>
	<u>'000</u>			
Issued and paid up capital:				
Balance at beginning and end of period	<u>100,800</u>	<u>100,800</u>	<u>150,665</u>	<u>150,665</u>

There was no change in the share capital since the end of the previous period reported on.

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'000
Total rights issue proceeds	50,227
Less Utilisation:	
3Q 2018 – repayment of outstanding loans	44,700
3Q 2018 – capital expenditure	542
2Q 2019 – dividend payment	2,400
2Q 2021 – dividend payment	2,520
2Q 2021 – working capital (repairs and maintenance)	65
Balance unutilised as at 31 December 2021	-

Rights issue proceed had been fully utilised as at 31 December 2021.

13(ii) TREASURY SHARES

There are no treasury shares.

13(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.

14. REVENUE

Revenue comprises the following:

	Group	
	FY Ended 31 Dec	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Room revenue	13,705	17,412
Food and beverage revenue	2,256	2,395
Spa revenue	76	198
Rental income from:		
Investment properties	7,599	8,217
Within premises	1,733	1,432
Car park revenue	325	368
Interest income from outside parties	-	9
Dividend income from:		
Quoted equity investments (gross)	265	243
Unquoted equity investments	95	59
Others	226	285
Total	<u>26,280</u>	<u>30,618</u>

15. OTHER INCOME – MISCELLANEOUS

	The Group	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Gain (Loss) on disposal of property, plant and equipment	9,920*	(16)
Government grants	1,022	709
Foreign exchange adjustment gain	15	-
Fair value gain on financial assets at FVTPL	8	-
Other income	1,225	292
	<u>12,190</u>	<u>985</u>

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

16. MISCELLANEOUS EXPENSES

Miscellaneous expenses include the following impairment from valuation:

	The Group	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Impairment loss on building	7,209	8,765
Impairment loss on goodwill	-	2,007
Impairment (reversal) loss on investment property	(96)	3,500
Total impairment	<u>7,113</u>	<u>14,272</u>

17. FINANCE COSTS

	The Group	
	2021	2020
	\$'000	\$'000
Interest expense on bank loans	4,163	2,971

18. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging / (crediting):

	Group		
	FY Ended 31 Dec		
	2021	2020	+/(-)
	S\$'000	S\$'000	%
Net foreign exchange adjustment loss	1,474	330	>100
Depreciation	7,645	7,787	(1.8)
Interest on borrowings	4,163	2,971	40.1
Dividend income	(844)	(302)	>100
Net fair value loss on financial assets at fair value through profit or loss	11	134	n.m.
Interest income	-	(9)	n.m.
Loss on disposal of property, plant and equipment	-	16	n.m.
Gain on disposal of investment property	(9,920)	-	n.m.

19. 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	
	2021	2020
	\$'000	\$'000
Current tax	304	1,092
Withholding tax	34	117
Deferred tax	7,238*	(466)
Total income tax expense	7,576	743

*The increase was mainly due to significant addition of the New Zealand's property. As the Group's New Zealand subsidiary can no longer claim tax deduction for the depreciation for the estimated useful life of the building (i.e., Grand Complex). The deferred tax liability amounting to S\$7.4 million, while forming part of the income tax expense, does not result in any additional income tax payable to the tax authority for the current financial year.

20. EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>	
	<u>FY Ended 31 Dec</u>	
	<u>2021</u>	<u>2020</u>
EPS (based on consolidated loss after taxation)		
- on weighted average number of shares (cents)	(10.85)	(20.68)
- on a fully diluted basis (cents)	(10.85)	(20.68)

Basic loss per share is calculated based on the Group's loss of \$10.934 million for FY 2021 and S\$20.844 million for FY 2020 respectively after income tax expense divided by 100.8 million (2020: 100.8 million) ordinary shares.

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>Group</u>		<u>Company</u>	
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	NAV per share based on issued number of shares as at the end of the respective period (\$)	5.57	6.19	3.73

The NAV per share as at 31 December 2021 and 31 December 2020 were calculated based on the number of shares in issue of 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

	<u>External</u>		<u>Inter-segment</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operation						
Singapore	7,202	6,075	-	-	7,202	6,075
Malaysia	2,288	1,964	-	-	2,288	1,964
Thailand	1,764	864	-	-	1,764	864
	11,254	8,903	-	-	11,254	8,903
Property investment						
Singapore	505	490	57	55	562	545

New Zealand	2,528	3,205	-	-	2,528	3,205
Malaysia	362	440	-	-	362	440
	3,395	4,135	57	55	3,452	4,190
Financial investment	230	159	587	245	817	404
Total	14,879	13,197	644	300	15,523	13,497

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

	Net (loss) profit for the period	
	2021	2020
	\$'000	\$'000
Hotel operation		
Singapore	1,628	1,975
Malaysia	(1,888)	(1,236)
Thailand	(7,532)	(11,868)
	(7,792)	(11,129)
Property investment		
Singapore	9,553	(903)
New Zealand	(449)	(3,621)
Malaysia	133	(533)
	9,237	(5,057)
Financial investment	(408)	80
Total	1,037	(16,106)
Finance cost	(2,248)	(1,306)
Loss before income tax	(1,211)	(17,412)
Income tax expense	(7,501)	(423)
Loss after income tax	(8,712)	(17,835)

III. Other segment information
Second half ended 31 December

	Depreciation		Additions to non-current assets	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Hotel operation				
Singapore	1,445	1,485	399	408
Malaysia	978	1,029	(49)	718
Thailand	466	678	6	(900)
	2,889	3,192	356	226
Property investment				
Singapore	203	184	-	-

New Zealand	776	322	4,233	4,042
Malaysia	175	90	-	-
	1,154	596	4,233	4,042
Consolidated total	4,043	3,788	4,589	4,268

IV. Geographical information
Second half ended 31 December

	Revenue from external customers		Non-current assets	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Singapore	7,937	6,724	433,167	479,856
Malaysia	2,651	2,404	153,155	91,060
New Zealand	2,528	3,205	75,240	71,566
Thailand	1,763	864	82,864	97,983
	14,879	13,197	744,426	740,465

V. Revenue
for financial year ended 31 December

	External		Inter-segment		Total	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Hotel operation						
Singapore	11,545	13,090	-	-	11,545	13,090
Malaysia	4,514	4,166	-	-	4,514	4,166
Thailand	2,262	4,834	-	-	2,262	4,834
	18,321	22,090	-	-	18,321	22,090
Property investment						
Singapore	1,017	1,039	114	108	1,131	1,147
New Zealand	5,829	6,329	-	-	5,829	6,329
Malaysia	753	849	-	-	753	849
	7,599	8,217	114	108	7,713	8,325
Financial investment	360	311	704	473	1,064	784
Total	26,280	30,618	818	581	27,098	31,199

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

	Net (loss) profit for the period	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Hotel operation		
Singapore	(355)	1,536
Malaysia	14	(3,030)
Thailand	(9,692)	(11,904)
	(10,033)	(13,398)

Property investment		
Singapore	9,859	(564)
New Zealand	639	(3,082)
Malaysia	524	(178)
	11,022	(3,824)
Financial investment	(184)	92
Total	805	(17,130)
Finance cost	(4,163)	(2,971)
Loss before income tax	(3,358)	(20,101)
Income tax expense	(7,576)	(743)
Loss after income tax	(10,934)	(20,844)

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

	Segment assets		Segment liabilities	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operation				
Singapore	448,484	478,809	3,054	3,719
Malaysia	112,113	58,592	2,349	2,498
Thailand	84,464	99,012	1,466	1,121
	645,061	636,413	6,869	7,338
Property investment				
Singapore	25,766	25,636	866	120
New Zealand	78,502	75,660	1,504	1,734
Malaysia	10,664	11,016	-	-
	114,932	112,312	2,370	1,854
Financial investment	31,801	30,240	25	19
Total	791,794	778,965	9,264	9,211
Unallocated items	2,352	3,846	223,712	149,782
Consolidated total	794,146	782,811	232,976	158,993

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

	Depreciation		Additions to non-current assets	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operation				
Singapore	2,869	2,959	794	1,326
Malaysia	1,969	2,057	66,449	1,504
Thailand	1,245	1,559	6	390
	6,083	6,575	67,249	3,220
Property investment				
Singapore	408	406	-	-
New Zealand	979	628	7,048	6,735
Malaysia	175	178	-	-
	1,562	1,212	7,048	6,735
Consolidated total	7,645	7,787	74,297	9,955

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

	Revenue from external customers		Non-current assets	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	12,922	14,440	433,167	479,856
Malaysia	5,268	5,015	153,155	91,060
New Zealand	5,828	6,329	75,240	71,566
Thailand	2,262	4,834	82,864	97,983
	26,280	30,618	744,426	740,465

23. ACQUISITION OF BUSINESS

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 S\$ 65 million (RM 197m). 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 RM197m to RM177.3m) and contributed RM3m to repair mechanical and electrical equipment of the Hotel. This was to account for the Covid-19 situation in Malaysia.

The Group incurred acquisition related costs of \$3.986 million relating to legal fees, stamp duty and due diligence costs and these have been classified as 'other' expenses in the interim consolidated statement of profit or loss.

The fair value of the net identifiable assets acquired in the transaction are as follow: -

	Carrying amount before acquisition	Fair value adjustments	Fair value
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Net identifiable assets acquired:			
Land	29,302	3,752	33,054
Building	27,182	4,576	31,758
Total consideration	56,484	8,328	64,812
Bargain purchase gain arising from acquisition of business			(8,328)
Total consideration, satisfied by cash			<u>56,484</u>
Net cash outflow arising on acquisitions:			
Cash consideration paid			<u>56,484</u>

Management is of view, after assessment, that 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.

The hotel ceased operation on 22 February 2021 so that it can embark on an extensive upgrading of the hotel.

In 1H 2021, the acquired business did not contribute to the Group's revenue and incurred a net loss before income tax of S\$0.583 million (RM1.8 million) for the period between the date of acquisition and the end of this reporting period.

If the acquisition had been completed on 1 January 2021, the acquired business will not contribute to the Group's revenue as the hotel will cease operation on that day and net loss before income tax will be S\$0.827 million (RM 2.552 million) for the period between 1 January and the end of this reporting period.

24. 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 2021, 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:

	Group		
	Full Year Ended 31 December		
	2021	2020	+ / (-)
	\$'000	\$'000	%
Room revenue	13,705	17,412	(21.3)
Food and beverage revenue	2,256	2,395	(5.8)
Spa revenue	76	198	(61.6)
Rental income from:			
Investment properties	7,599	8,217	(7.5)
Within premises	1,733	1,432	21.0
Car park revenue	325	368	(11.7)
Interest income from outside parties	-	9	(100)
Dividend income from:			
Quoted equity investments (gross)	265	243	9.1
Unquoted equity investment	95	59	61.0
Others	226	285	(20.7)
Total	26,280	30,618	(14.2)

Room revenue

Group room revenue decreased by 21.3% for FY 2021 as compared to FY 2020 mainly due to the strong performance in the first two months of FY2020 before Covid-19.

Food and beverage revenue

The decrease in food and beverage revenue by 5.8% for FY 2021 as compared to FY 2020 was mainly due to lower breakfast sales.

Rental income from investment properties

Rental income from investment properties decreased by 7.5% for FY 2021 as compared to the same period in 2020 was mainly due to lower contributions from investment properties in the New Zealand subsidiary.

Rental income from within premises

The 21.0% increase in rental income from within premises for FY 2021 as compared to FY 2020 was mainly due to lesser rental rebates granted to tenants.

ii. Cost of Sales

The decrease in cost of sales for FY 2021 as compared to corresponding period in 2020 was mainly due to lower operation costs in the Group's hotels, in line with lower revenue.

iii. Other income - miscellaneous

The increase in other income for FY 2021 compared to FY 2020 was mainly due to gain on disposal of the Group's 551 square metre unit in Maxwell House, miscellaneous income from Grand Complex and fair value gain on financial assets at fair value through profit or loss.

iv. Distribution and marketing expense

The decrease in distribution costs for FY 2021 compared to the same period in 2020 was mainly due to lower 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 2021 as compared to corresponding period in 2020 was mainly due to higher overhead expenses such as repair and maintenance, utilities and payroll 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 2021 as compared to FY 2020 was mainly due to impairment of properties in New Zealand and impairment of goodwill in the last financial year, higher impairment of Bangkok's properties in the last financial year, lower fair value loss on financial assets at fair value through profit or loss and miscellaneous other expenses, offset by higher foreign exchange loss and higher impairment of Malaysia's properties in this financial year.

vii. Other expenses – acquisition of business

The expenses relating to acquisition of the business of Royale Chulan Bukit Bintang Hotel of about \$3.986 million (RM12.3 million) consists of legal fees, stamp duty and due diligence costs.

viii. Finance costs

The increase in finance costs for FY 2021 as compared to the corresponding period in 2020 was mainly due to interest on increased bank drawdown from Malaysia subsidiaries.

ix. Income tax expense

The increase in income tax expense for FY 2021 as compared to the same period in 2020 was mainly due to higher in deferred tax in Grand Complex, offset by lower taxable income in the Group's hotels.

x. **Net profit (loss) of segment performance for full year ended 31 December**

	Net profit (loss)	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Hotel operation	(10,033)	(13,398)
Property investment	11,022	(3,824)
Financial investment	(184)	92
Total	805	(17,130)
Finance cost	(4,163)	(2,971)
Loss before income tax	(3,358)	(20,101)
Income tax expense	(7,576)	(743)
Loss after income tax	(10,934)	(20,844)

The hotel operation segment suffered a net loss of \$10.033 million in FY 2021 (FY 2020: net loss of S\$13.398 million). This was due to the strong performance in the first two months of FY2020 before Covid-19.

The performance for the property investment segment increased by 388% or \$14.846 million from net loss of S\$3.824 million in FY 2020 to net profit of S\$11.022 million in FY 2021. This was primarily due to the gain on disposal of the Group's unit in Maxwell House in Singapore.

The financial investment segment's performance decreased by \$0.276 million from net profit of S\$0.092 million in FY 2020 to net loss of S\$0.184 million in FY 2021. This was mainly due to fair value loss on financial assets.

Consolidated Statement of Financial Position

Total assets (Group) as at 31 December 2021 were \$794.15 million, increased by \$11.34 million from S\$782.81 million as at 31 December 2020.

The increase was mainly due to:

- Increase in cash and bank balance of about \$12.9 million mainly due to the sales proceed from the disposal of Group's unit in Maxwell House in Singapore;
- Financial assets at fair value through profit and loss increased by about \$1.4 million due to the better performance of Group's funds under management;
- Other receivables, deposits and prepaid expenses decreased by \$7.8 million mainly due to completion of acquisition of Royale Chulan Bukit Bintang. The initial deposit on signing of the Sales and Purchase Agreement was transferred to property, plant and equipment upon completion; and
- Property, plant and equipment increased marginally by \$1.3 million despite the purchase of Royale Chulan Bukit Bintang as the increase from this acquisition was offset by the decrease in the valuation of freehold land in the two hotel properties in Singapore of \$44 million.

Total liabilities (Group) as at 31 December 2021 were \$232.98 million, increased by \$73.99 million from \$158.99 million as at 31 December 2020.

The increase was mainly due to:

- The increase in bank loan (current liabilities) of \$22.4m was mainly due to the reclassification of a long-term loan to short-term loan (\$15.2m). The group is negotiating the re-financing with the bank; and
- The increase in long-term bank loan of \$46.2 million was mainly due to the financing required for the acquisition of Hotel Royale Chulan Bukit Bintang.

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

Net cash from operating activities for the financial year ended 31 December 2021 was derived from the operating activities of the hotel, investment properties and fund management. The current Covid-19 pandemic has adversely affected the operating cash flows from the Group's operation.

Net cash used in investing activities was mainly relative to capital expenditure incurred for the acquisition of Hotel Royale Chulan Bukit Bintang.

Net cash used in financing activities was mainly for the financing of the acquisition of Hotel Royale Chulan Bukit Bintang, as well as repayment of partial bank loan and the servicing of interest payments.

3. **VARIANCE FROM A FORECAST OR PROSPECT STATEMENT**

Not applicable.

4. **OUTLOOK**

The Group saw an increase in demand for hotel accommodation during the second half of 2021. This is in line with the gradual easing of the border control across countries, and the increased demand for staycation during the year-end school holidays. As more countries open their international borders, the Group expects to see a continual upward trend for room accommodation in the first half of 2022. The pace of tourism recovery, however, depends on the effective control of Covid-19 by the international community.

The Group's managed fund portfolio may experience unexpected movements for the first half of 2022 as relationship between China and the U.S. remains uncertain and on-going tension between Russia and Ukraine has not only adversely affected the global oil supply, but also spooked the global equity market.

In addition, fluctuation in exchange rates of currencies such as the New Zealand dollar, United States dollar, Malaysian ringgit and Thai baht against Singapore dollar, will continue to affect the Group's performance.

5. **DIVIDENDS**

(a) **Current Financial Period Reported On**

The following dividend is proposed for the financial year ended 31 December 2021:

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 FY2020:

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>2021</u> <u>S\$'000</u>	<u>2020</u> <u>S\$'000</u>
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 2021 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

There were no interested person transactions of S\$100,000 or more for the period under review. The Group does not have a general mandate from its shareholders for interested person transactions.

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:

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 Chou Hock (BAcc, MBA)	68	Nephew of Lee Khin Tien and Lee Kin Hong, director of the Company	Joined the group in 1985. Presently the Chief Executive Officer of the Company. His duties include the general management of the Company and Group.	Nil
Mrs. Wong Siew Choo	76	Sister of Lee Khin Tien and Lee Kin Hong, directors of the Company Aunt of Lee Chou Hock, CEO	Joined the Company in 1973. Presently the Revenue Controller of the Company and alternate Company Secretary (since 2 August 1975). Her duties include the overall supervision of the Company's cash management and credit control.	Nil
Mr. Lee Chu Bing (BA)	42	Nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company Brother of Lee Chu Muk, a director of the Company Cousin of Lee Chou Hock, CEO	Joined the group in 2004. He was redesignated to Director of Operations. His duties include the general management of operations of Hotel Royal Group.	No change during the FY2020. Redesignated as Director of Operations with effect from 1 March 2021.

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)	39	Son of Mr. Lee Chou Hock, CEO Grand-nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company Grand-cousin of Lee Chu Muk, a director of the Company	Joined the group in 2018. Presently the Director of Project Development for the Company. 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.	Nil
Ms. Lee Si Min (Bachelor of International Hotel and Tourism Management)	33	Daughter of Lee Kin Hong, a director of the Company Niece of Lee Khin Tien, a director of the Company Cousin of Lee Chou Hock, CEO	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. Her duties include the general management of Hotel Royal @ Queens.	No change during the FY 2020. Promoted to General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd with effect from 1 March 2021.

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

1 March 2022