

# **HL GLOBAL ENTERPRISES LIMITED**

**(Registration No. 196100131N)**

Condensed interim financial statements  
for the six months ended 30 June 2021

# HL GLOBAL ENTERPRISES LIMITED

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# HL GLOBAL ENTERPRISES LIMITED

## Unaudited Half Year Financial Statement Announcement for the period ended 30 June ("1H") 2021

### A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		1H 2021	Group 1H 2020	Change
	Note	\$'000	\$'000	%
Revenue	(1)	629	1,416	(55.6)
Cost of sales		(735)	(1,102)	(33.3)
<b>Gross (loss)/profit</b>	(1)	(106)	314	NM
Other income	(2)	459	674	(31.9)
Selling and marketing expenses	(3)	(98)	(118)	(16.9)
Administrative expenses	(4)	(159)	(179)	(11.2)
Finance costs		(2)	(4)	(50.0)
Other expenses		(1,331)	(1,382)	(3.7)
Share of results of a joint venture (net of tax)		86	33	160.6
<b>Loss before tax</b>		(1,151)	(662)	73.9
Income tax expense	(5)	(42)	(36)	16.7
<b>Loss for the period attributable to owners of the Company</b>		(1,193)	(698)	70.9

### Consolidated statement of comprehensive income

	1H 2021	Group 1H 2020	Change
	\$'000	\$'000	%
Loss for the period	(1,193)	(698)	70.9
<b>Other comprehensive loss</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(270)	(197)	37.1
<b>Other comprehensive loss for the period, net of tax</b>	(270)	(197)	37.1
<b>Total comprehensive loss for the period attributable to owners of the Company</b>	(1,463)	(895)	63.5

	Group	
	1H 2021	1H 2020
	¢	¢
<b>Loss per share for the period attributable to the owners of the Company</b>		
(Based on the weighted average number of ordinary shares in issue)		
- Basic	(1.27)	(0.74)
(1H 2021 and 1H 2020: 93,915,337)		
- Diluted	NA	NA

### Notes to the condensed interim consolidated statement of profit or loss

#### (1) Revenue and gross loss

The substantial decrease in revenue has resulted in gross loss for 1H 2021. This was attributed to the various phases of Movement Control Order ("MCO") which started on 13 January 2021, reinstated nationwide by the Malaysian Government due to the surge in COVID-19 cases. Malaysia has been under full MCO since 1st June 2021.

NM: Not meaningful

NA: Not applicable

**(2) Other income**

	<b>1H 2021</b>	<b>Group 1H 2020</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Interest income	148	486	(69.5)
Licence fee	114	32	256.3
Sundry income	197	156	26.3
	<b>459</b>	<b>674</b>	<b>(31.9)</b>

Compared to 1H 2020:

- i) The decrease in interest income for 1H 2021 was due to lower interest rate.
- ii) The increase in licence fee for 1H 2021 was due to the increase in revenue recorded by Hotel Equatorial Shanghai ("HES") as licence fee is charged as a percentage of the revenue of HES.
- iii) The increase in sundry income was mainly due to the subsidies from the Singapore and Malaysian government arising from COVID-19 pandemic and insurance compensation on lost of equipment.

**(3) Selling and marketing expenses**

Compared to 1H 2020, the reduction in selling and marketing expenses in 1H 2021 was mainly due to the decrease in payroll costs and decline in marketing activities arising from the MCO.

**(4) Administrative expenses**

The decrease in administrative expenses in 1H 2021 compared to 1H 2020 was mainly due to the reduction in corporate expenses.

**(5) Income tax expense**

The income tax expense consisted mainly of withholding tax on overseas income and tax on interest income.

**B. Condensed interim statements of financial position**

	Note	Group		Company	
		30/06/2021 \$'000	31/12/2020 \$'000	30/06/2021 \$'000	31/12/2020 \$'000
<b>Non-current assets</b>					
Property, plant and equipment		16,657	16,665	13	17
Investment property		1,789	1,855	-	-
Subsidiaries		-	-	40,887	40,887
Associate		55	56	-	-
Joint ventures	1	758	651	-	-
Other receivables		67	68	3	3
Right-of-use assets	2	101	181	56	109
Deferred tax asset		197	200	-	-
		<u>19,624</u>	<u>19,676</u>	<u>40,959</u>	<u>41,016</u>
<b>Current assets</b>					
Inventories		90	85	-	-
Development properties		3,387	3,438	-	-
Trade and other receivables		515	543	298	214
Prepayment		44	51	8	21
Cash and bank balances		54,754	56,588	37,091	37,686
		<u>58,790</u>	<u>60,705</u>	<u>37,397</u>	<u>37,921</u>
<b>Total assets</b>		<u>78,414</u>	<u>80,381</u>	<u>78,356</u>	<u>78,937</u>
<b>Equity</b>					
Share capital		129,793	129,793	129,793	129,793
Equity capital contributed by parent		3,980	3,980	3,980	3,980
Reserves		(56,960)	(55,497)	(56,253)	(55,980)
<b>Total equity attributable to owners of the Company</b>		<u>76,813</u>	<u>78,276</u>	<u>77,520</u>	<u>77,793</u>
<b>Non-current liabilities</b>					
Lease liabilities	3	15	38	1	11
		<u>15</u>	<u>38</u>	<u>1</u>	<u>11</u>
<b>Current liabilities</b>					
Trade and other payables	4	1,451	1,839	738	951
Lease liabilities	3	89	148	57	102
Current tax payable	5	46	80	40	80
		<u>1,586</u>	<u>2,067</u>	<u>835</u>	<u>1,133</u>
<b>Total liabilities</b>		<u>1,601</u>	<u>2,105</u>	<u>836</u>	<u>1,144</u>
<b>Total equity and liabilities</b>		<u>78,414</u>	<u>80,381</u>	<u>78,356</u>	<u>78,937</u>

## Notes:

- 1 The increase arose from the share of profit from a joint venture.
- 2 The decline was due to the depreciation of the right-of-use assets.
- 3 The decrease was mainly due to payment of lease liabilities and reclassification of lease payment due within 12 months from non-current liabilities to current liabilities.
- 4 The decrease was mainly due to the reduction in purchasing arising from the MCO reinstated by the Malaysian Government and the settlement of debts.
- 5 The decrease was mainly due to payment of tax liabilities.

**C. Condensed interim statements of changes in equity**

<b>Group</b>	<b>Share capital \$'000</b>	<b>Equity capital contributed by parent \$'000</b>	<b>Special reserve \$'000</b>	<b>Premium paid on acquisition of non- controlling interests \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>At 1 January 2021</b>	129,793	3,980	8,529	(192)	317	(64,151)	78,276
Loss for the period	-	-	-	-	-	(1,193)	(1,193)
<u>Other comprehensive loss, net of tax</u>							
Foreign currency translation differences for foreign operations	-	-	-	-	(270)	-	(270)
<b>Total comprehensive loss for the period, net of tax</b>	-	-	-	-	(270)	(1,193)	(1,463)
<b>At 30 June 2021</b>	<b>129,793</b>	<b>3,980</b>	<b>8,529</b>	<b>(192)</b>	<b>47</b>	<b>(65,344)</b>	<b>76,813</b>

<b>Group</b>	<b>Share capital \$'000</b>	<b>Equity capital contributed by parent \$'000</b>	<b>Special reserve \$'000</b>	<b>Premium paid on acquisition of non- controlling interests \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>At 1 January 2020</b>	129,793	3,980	8,529	(192)	310	(64,357)	78,063
Loss for the period	-	-	-	-	-	(698)	(698)
<u>Other comprehensive loss, net of tax</u>							
Foreign currency translation differences for foreign operations	-	-	-	-	(197)	-	(197)
<b>Total comprehensive loss for the period, net of tax</b>	-	-	-	-	(197)	(698)	(895)
<b>At 30 June 2020</b>	<b>129,793</b>	<b>3,980</b>	<b>8,529</b>	<b>(192)</b>	<b>113</b>	<b>(65,055)</b>	<b>77,168</b>

<b>Company</b>	<b>Share capital \$'000</b>	<b>Equity capital contributed by parent \$'000</b>	<b>Special reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total \$'000</b>
<b>At 1 January 2021</b>	129,793	3,980	12,471	(68,451)	77,793
Loss for the period, representing total comprehensive loss for the period	-	-	-	(273)	(273)
<b>At 30 June 2021</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(68,724)</b>	<b>77,520</b>

<b>Company</b>	<b>Share capital \$'000</b>	<b>Equity capital contributed by parent \$'000</b>	<b>Special reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total \$'000</b>
<b>At 1 January 2020</b>	129,793	3,980	12,471	(68,591)	77,653
Loss for the period, representing total comprehensive loss for the period	-	-	-	(174)	(174)
<b>At 30 June 2020</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(68,765)</b>	<b>77,479</b>

**D. Condensed interim consolidated statement of cash flows**

	<b>Group</b>	
	<b>1H 2021</b>	<b>1H 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Loss before tax	(1,151)	(662)
Adjustments for:		
Bad debt recovered	(1)	-
Depreciation of investment property	37	37
Depreciation of property, plant and equipment	401	412
Depreciation of right-of-use assets	78	80
Impairment loss on trade receivables	-	6
Interest expense related to lease liabilities	2	4
Interest income	(148)	(486)
Share of results of a joint venture (net of tax)	(86)	(33)
Unrealised currency exchange loss-net	51	18
Write-back of impairment of trade receivables	(8)	-
<b>Operating cash flows before changes in working capital</b>	<b>(825)</b>	<b>(624)</b>
Development properties	-	(2)
Inventories	(5)	11
Trade and other payables	(388)	(519)
Trade and other receivables and prepayment	109	83
<b>Cash used in operating activities</b>	<b>(1,109)</b>	<b>(1,051)</b>
Income tax paid	(76)	(16)
Interest expense related to lease liabilities	(2)	(4)
Interest received	82	600
<b>Net cash used in operating activities</b>	<b>(1,105)</b>	<b>(471)</b>
<b>Investing activities</b>		
Withdrawal of fixed deposits matured	338	20,364
Purchase of property, plant and equipment	(568)	(89)
<b>Net cash (used in)/from investing activities</b>	<b>(230)</b>	<b>20,275</b>
<b>Financing activity</b>		
Repayment of principal portion of lease liabilities	(83)	(78)
<b>Net cash used in financing activity</b>	<b>(83)</b>	<b>(78)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,418)</b>	<b>19,726</b>
Cash and cash equivalents at beginning of the period	6,016	6,371
Effect of exchange rate changes on balances held in foreign currencies	(78)	(52)
<b>Cash and cash equivalents at end of the period</b>	<b>4,520</b>	<b>26,045</b>
Fixed deposits with tenure more than 3 months	50,234	30,140
<b>Cash and bank balances</b>	<b>54,754</b>	<b>56,185</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1 Corporate information**

HL Global Enterprises Limited is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Group are investment holding, hospitality and restaurant and property development.

### **2 Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 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 2020.

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements, which were prepared in accordance with SFRS(I).

The financial statements are presented in Singapore Dollar, which is the Company's functional currency and all values are rounded to the nearest thousand ("'\$'000"), except when otherwise indicated.

#### **2.1 New and amended standards adopted by the Group**

The adoption of the new and amended standards has no material impact on the condensed interim consolidated financial statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2 Use of judgements and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

### **3 Seasonal operations**

The Group's business is normally affected significantly by seasonal factors. However seasonal factors were not relevant to the Group's business for the half year under review due to movement restrictions implemented by the Malaysian Government attributed to the COVID-19 pandemic.

### **4 Segment and revenue information**

The Group has three reportable segments:

Investments and others:	Investment holding and others
Hospitality and restaurant:	Operating and management of hotels and restaurants
Property development:	Development of properties for sale and rental and property and development project management

Performance is measured based on segment results before other income (including interest income), interest expense, share of results of associate and joint ventures and income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment.



<b>Reportable segment</b>	<b>Investments and others</b>	<b>Hospitality and restaurant</b>	<b>Property development</b>	<b>Total</b>
<b>6 months ended 30 June 2021</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue				
- external revenue	4	625	-	629
- inter-segment revenue	-	-	2	2
	<u>4</u>	<u>625</u>	<u>2</u>	<u>631</u>
Elimination				(2)
				<u>629</u>
Reportable segment results	(546)	(985)	(163)	(1,694)
Other income (excluding interest income)	143	151	17	311
Interest income	96	6	46	148
Interest expense	(1)	-	(1)	(2)
Share of results of a joint venture	-	86	-	86
Loss before tax	<u>(308)</u>	<u>(742)</u>	<u>(101)</u>	<u>(1,151)</u>
Income tax expense				(42)
<b>Loss for the period</b>				<u>(1,193)</u>

<b>Reportable segment</b>	<b>Investments and others</b>	<b>Hospitality and restaurant</b>	<b>Property development</b>	<b>Total</b>
<b>6 months ended 30 June 2020</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue				
- external revenue	15	1,401	-	1,416
- inter-segment revenue	-	-	9	9
	<u>15</u>	<u>1,401</u>	<u>9</u>	<u>1,425</u>
Elimination				(9)
				<u>1,416</u>
Reportable segment results	(612)	(626)	(127)	(1,365)
Other income (excluding interest income)	84	104	-	188
Interest income	325	21	140	486
Interest expense related to lease liabilities	(2)	-	(2)	(4)
Share of results of a joint venture	-	33	-	33
Loss before tax	<u>(205)</u>	<u>(468)</u>	<u>11</u>	<u>(662)</u>
Income tax expense				(36)
<b>Loss for the period</b>				<u>(698)</u>

## 5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2021</b>	<b>31/12/2020</b>	<b>30/06/2021</b>	<b>31/12/2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Trade and other receivables, excluding tax recoverable	560	591	292	210
Cash and bank balances	54,754	56,588	37,091	37,686
Total undiscounted financial assets	<u>55,314</u>	<u>57,179</u>	<u>37,383</u>	<u>37,896</u>
<b>Financial liabilities</b>				
Trade and other payables, excluding advances from customers, sales and other tax payable	1,446	1,832	734	947
Lease liabilities	104	186	58	113
Total undiscounted financial liabilities	<u>1,550</u>	<u>2,018</u>	<u>792</u>	<u>1,060</u>
Total net undiscounted financial assets	<u>53,764</u>	<u>55,161</u>	<u>36,591</u>	<u>36,836</u>

**6 Loss before taxation**

## 6.1 Significant items

	<b>Group</b>	
	<b>1H 2021</b>	<b>1H 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>		
Interest income	148	486
Government grant	165	149
Licence fee	114	32
<b>Expenses</b>		
Depreciation of investment property, property, plant and equipment	438	449
Depreciation of right-of-use assets	78	80
Employee related costs/directors' fee	622	660
Currency exchange loss-net	51	18

## 6.2 Related party transactions

	<b>Group</b>	
	<b>1H 2021</b>	<b>1H 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Compensation of key management personnel</u>		
Short-term employee benefits	200	207
Employer's contribution to defined contribution plans	4	5
	<u>204</u>	<u>212</u>
<u>Sale and purchase of goods and services</u>		
Expenses paid/payable to related companies:		
Rental	20	19
Secretarial/consultancy fees	49	59
General and administrative expenses	17	24
Franchise and sales and marketing and reservation fees	6	32
	<u>6</u>	<u>32</u>
<u>Significant outstanding balances with related parties</u>		
Bank balances held with related parties	30,136	29
Secretarial/consultancy fees	49	59
	<u>49</u>	<u>59</u>

**7 Taxation**

The major components of income tax expense in the condensed interim consolidated statement of profit or loss are :

	<b>Group</b>	
	<b>1H 2021</b>	<b>1H 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current income tax		
- current income taxation	21	36
- underprovision in respect of previous years	21	-
	<u>42</u>	<u>36</u>

**8 Net asset value**

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	\$	\$	\$	\$
Net asset value per issued share, excluding Trust Shares	0.82	0.83	0.83	0.83

The net asset value per issued share, excluding Trust Shares is computed based on 93,915,337 issued ordinary shares as at 30 June 2021 and at 31 December 2020.

**9 Property, plant and equipment**

During the six months ended 30 June 2021, the Group acquired assets amounting to \$568,000 (30 June 2020: \$89,000). There was no disposal during this period.

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Based on the latest valuation of the properties as at 31 December 2020, management does not expect material impairment to the carrying values of property, plant and equipment but has plans to obtain independent valuation report at year end.

**10 Investment property**

The Group's investment property is an entertainment complex at Cameron Highlands, Malaysia. The shops at the complex are leased out to third parties. The Group has no restrictions on the realisability of its investment property.

	Group	
	2021 \$'000	2020 \$'000
<b>Cost</b>		
Beginning of financial year	2,155	2,155
Translation adjustments	(34)	(23)
End of interim period	2,121	2,132
<b>Accumulated depreciation</b>		
Beginning of financial year	(300)	(225)
Depreciation charge for the interim period	(37)	(37)
Translation adjustments	5	2
End of interim period	(332)	(260)
Net carrying amount as at 30 June	1,789	1,872
At valuation (based on 31 December 2020 valuation) converted at the exchange rate of RM/S\$ as at 30 June 2021 and 30 June 2020	2,396	2,409

**Fair value of investment property**

The Group engaged an independent professional qualified valuer to determine the fair value of investment property at the end of each financial year. The fair value of investment property is determined by the market comparison and cost methods. In valuing the investment property, due consideration is given to factors such as location and size of building, building infrastructure, market knowledge and historical comparable transactions to arrive at their opinion of value.

The Group is in the midst of submitting the planning documents to the relevant authorities for approval to convert the entertainment complex into additional hotel and function rooms. Management foresees the conversion will enhance the value of the investment property. The Company plans to obtain independent valuation report at year end.

**11 Lease liabilities**

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	\$	\$	\$	\$
<u>Amount repayable within one year</u>				
Unsecured	89	148	57	102
<u>Amount repayable after one year</u>				
Unsecured	15	38	1	11

These are lease liabilities relating to rental of office premises, warehouse and apartments for staff accommodation.

**12 Share capital**

	Group and Company	
	Number of shares	Share Capital \$'000
<u>Ordinary shares</u>		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021 (As per Accounting and Corporate Regulatory Authority's records)	96,334,254	133,773
Less: Trust Shares	(2,418,917)	(3,980)
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u>93,915,337</u>	<u>129,793</u>

The Company did not hold any treasury shares as at 30 June 2021, 31 December 2020 and 30 June 2020.

There were no sales, transfers, cancellation and/or use of treasury shares/subsidiary holdings during the six months ended 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

The ordinary shares issued includes 2,418,917 ordinary shares held as Trust Shares by Amicorp Trustees (Singapore) Limited as trustee of the Trust established by the Company to facilitate the implementation of the HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme").

Pursuant to the terms of the Trust Deed, the Trustee will, *inter alia*, acquire and hold existing shares in the capital of the Company (collectively, the "Trust Shares") for the benefit of participants who are employees of the Company and/or its subsidiaries and who have been granted share options under the Share Option Scheme (the "Beneficiaries") and transfer such Trust Shares to the Beneficiaries upon the exercise of their share options under the Share Option Scheme.

**13 Subsequent events**

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

## **F. Other information required by Listing Rule Appendix 7.2**

### **1 Review**

The condensed consolidated statement of financial position of HL Global Enterprises Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### **2 Review of performance of the Group**

#### **Results for 6 months ended 30 June ("1H") 2021 versus 1H 2020**

The Group's revenue, mainly contributed by Copthorne Hotel Cameron Highlands ("CHCH"), decreased significantly from \$1.4 million in 1H 2020 to \$629,000 in 1H 2021. The decrease was due to the various phases of Movement Control Order ("MCO") that were reinstated by the Malaysian Government since 13 January 2021 arising from the surge in COVID-19 cases. During the period under review, interstate and inter-district travels were not allowed except for the period from 5 March 2021 to 11 May 2021 whereby the Recovery MCO was introduced for certain states including Pahang. However, the revenue derived solely from Pahang state was not significant. To curb the rising number of COVID-19 cases, the Malaysian Government re-imposed nationwide MCO from 12 May 2021 and this was followed by a full lockdown since 1st June 2021.

As the travel restriction within Malaysia was for a longer period in 1H 2021 compared to 1H 2020, the operating loss in the hospitality segment increased by \$0.4 million to \$1 million in 1H 2021. The property development segment and investment and others segment (consisting of investment property operation and corporate overhead costs) incurred operating costs of \$0.2 million and \$0.5 million respectively. As a result, the Group reported an operating loss of \$1.7 million before the share of results of a joint venture, other income and finance costs for 1H 2021 versus an operating loss of \$1.4 million for the corresponding period last year.

Other income largely included licence fee, interest income and subsidies from the Singapore and Malaysian Governments. The licence fee increased from \$32,000 in 1H 2020 to \$114,000 in 1H 2021 due to the increase in revenue recorded by Hotel Equatorial Shanghai ("HES"). Licence fee is charged as a percentage of the revenue of HES. Interest income reduced from \$486,000 in 1H 2020 to \$148,000 in 1H 2021 due to lower interest rate.

Compared to 1H 2020, profit shared by the Group from its joint venture in Shanghai increased by \$53,000 to \$86,000 for 1H 2021. This was attributed to the improvement of the revenue from HES.

After taking into account the withholding tax on overseas income and income tax on interest income, the net loss attributable to shareholders of the Company for 1H 2021 was \$1.2 million against \$0.7 million recorded for 1H 2020.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the Company's announcement released on 21 May 2021 on the update on the Group's operations in relation to COVID-19 and profit warning for the first half of 2021.

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

Currently, interstate and inter-district travels are still not permitted in Malaysia in view of the high number of COVID-19 cases. The Malaysian Government has announced that the MCO will remain in place until certain criteria including the daily infection cases and number of people requiring Intensive Care Unit treatment drop to the Government's target levels. As such, it is expected that operations at CHCH will not be able to return to normalcy in the immediate future.

This MCO has also slowed down the ongoing renovation of the superior rooms and upgrading of the lifts at CHCH. Similarly, it has also affected the progress of the submission of the documents for the development of the 40-unit high-rise apartment and the refurbishment of the old commercial complex into additional hotel and function rooms, to the relevant authorities for approval.

As the Group's assets are substantially located in Malaysia, it will continue to be exposed to currency fluctuation risks. In view of the the current economic uncertainty brought by the COVID-19 pandemic, the Company would continue to exercise more caution in sourcing for sustainable and viable business opportunities.

#### **5 Dividend information**

No dividend has been recommended in view of the loss incurred for the period under review.

#### **6 Interested person transactions**

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST ("Listing Manual").

#### **7 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its Directors and the Chief Financial Officer in compliance with the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

#### **Confirmation by the Board**

##### **Negative confirmation pursuant to Rule 705(5).**

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the Group's unaudited interim financial results for the half year ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board

Dato' Gan Khai Choon  
Chairman

Hoh Weng Ming  
Director

Singapore  
4 August 2021

#### **BY ORDER OF THE BOARD**

Foo Yang Hym  
Chief Financial Officer

Singapore  
4 August 2021