



HOTEL ROYAL LIMITED
(Incorporated in the Republic of Singapore)
(Co. Reg. No. 196800298G)

1 UNAUDITED RESULTS FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors of Hotel Royal Limited (the “Company”) are pleased to report the following unaudited results of the Group for the second half and financial year ended 31 December 2020.

**1(a) CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the second half and financial year ended 31 December**

	<u>Notes</u>	<u>Group</u>			<u>Financial Year (FY) Ended 31 Dec</u>		
		<u>Second Half (2H) Ended 31 Dec</u>			<u>Dec</u>		
		<u>2020</u>	<u>2019</u>	<u>+ / (-)</u>	<u>2020</u>	<u>2019</u>	<u>+ / (-)</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Revenue	1	13,197	29,776	(55.7)	30,618	57,690	(46.9)
Cost of sales	2	(10,561)	(16,424)	(35.7)	(21,795)	(30,365)	(28.2)
Gross profit		2,636	13,352	(80.3)	8,823	27,325	(67.7)
Other income	3	589	991	(40.6)	985	1,753	(43.8)
Distribution costs	4	(426)	(531)	(19.8)	(938)	(1,185)	(20.9)
Administrative expenses	5	(3,571)	(5,782)	(38.2)	(9,469)	(13,052)	(27.5)
Other expenses	6	(15,138)	(1,148)	n.m.	(16,335)	(2,416)	n.m.
Finance costs	7	(1,502)	(1,907)	(21.2)	(3,167)	(4,048)	(21.8)
(Loss) Profit before income tax	8	(17,412)	4,975	n.m.	(20,101)	8,377	n.m.
Income tax expense	9	(423)	(2,479)	(82.9)	(743)	(3,515)	(78.9)
(Loss) Profit for the period attributable to owners of the Company		(17,835)	2,496	n.m.	(20,844)	4,862	n.m.

n.m.: not meaningful

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
for the second half and financial year ended 31 December

	Group					
	<u>2H Ended 31 Dec</u>			<u>FY Ended 31 Dec</u>		
	2020	2019	+ / (-)	2020	2019	+ / (-)
	<u>SS'000</u>	<u>SS'000</u>	<u>%</u>	<u>SS'000</u>	<u>SS'000</u>	<u>%</u>
(Loss) Profit for the period	(17,835)	2,496	n.m.	(20,844)	4,862	n.m.
Other comprehensive income:						
<i>Items that will not be reclassified subsequently profit or loss</i>						
Net fair value (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	1,478	(1,197)	n.m.	701	12	n.m.
Re-measurement of defined benefit obligation	36	(16)	n.m.	25	(35)	n.m.
(Decrease) Increase in valuation of freehold land - hotels	(42,400)	17,367	n.m.	(42,400)	17,367	n.m.
Deferred tax relating to revaluation on freehold land	-	(811)	100	-	(811)	100
Total	(40,886)	15,343	n.m.	(41,674)	16,533	n.m.
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange gain on translation of foreign operations	1,794	1,954	(8.2)	493	3,666	(86.6)
Other comprehensive (loss) income for the period, net of tax	(39,092)	17,297	n.m.	(41,181)	20,199	n.m.
Total comprehensive (loss) income for the period attributable to owners of the Company	(56,927)	19,793	n.m.	(62,025)	25,061	n.m.

n.m.: not meaningful

Notes

1. Revenue

Revenue comprises the following:

	<u>Group</u>			<u>Group</u>		
	<u>2H Ended 31 Dec</u>			<u>FY Ended 31 Dec</u>		
	<u>2020</u>	<u>2019</u>	<u>+ / (-)</u>	<u>2020</u>	<u>2019</u>	<u>+ / (-)</u>
	<u>SS'000</u>	<u>SS'000</u>	<u>%</u>	<u>SS'000</u>	<u>SS'000</u>	<u>%</u>
Room revenue	7,440	18,580	(60.0)	17,412	35,907	(51.5)
Food and beverage revenue	658	4,586	(85.7)	2,395	8,913	(73.1)
Spa revenue	22	473	(95.3)	198	971	(79.6)
Rental income from:						
Investment properties	3,751	3,507	7.0	7,483	6,964	7.5
Within premises	496	1,306	(62.0)	1,432	2,770	(48.3)
Car park revenue	564	655	(13.9)	1,103	1,305	(15.5)
Interest income from outside parties	7	45	(84.4)	9	69	(87.0)
Dividend income from:						
Quoted equity investments (gross)	93	101	(7.9)	243	224	8.5
Unquoted equity investments	59	95	(37.9)	59	95	(37.9)
Others	107	428	(75.0)	284	472	(39.8)
Total	<u>13,197</u>	<u>29,776</u>	<u>(55.7)</u>	<u>30,618</u>	<u>57,690</u>	<u>(46.9)</u>

Room revenue

Group room revenue decreased by 60% for 2H 2020 as compared to 2H 2019 mainly due to lower room occupancy and lower room rates due to Covid-19 which had impacted global travel.

Group room revenue decreased by 51.5% for FY 2020 as compared to corresponding period in 2019 mainly due to lower room occupancy and lower room rates in the Group's hotel.

Due to Covid-19, Burasari Resort, Phuket, Hotel Royal Bangkok and Hotel Royal Penang were temporarily closed during 2Q 2020. In 3Q and 4Q 2020, Burasari Resort, Phuket, Hotel Royal Bangkok and Hotel Royal Penang resumed business but room occupancy remained low due to Covid-19. Since March 2020, Malaysia is under movement control order that disallow international and domestic travelling resulted in drop in room occupancy.

Food and beverage revenue

Food and beverage revenue decreased by 85.7% for 2H 2020 as compared to the same period in 2019 and 73.1% for FY 2020 as compared to the same period in 2019 mainly due to lower breakfast sales.

Rental income from investment properties

Rental income from investment properties increased by 7% for 2H 2020 as compared to 2H 2019 and 7.5% for FY 2020 as compared to the same period in 2019 was mainly due to higher contributions from investment properties in both the Company and the New Zealand subsidiary.

Rental income from within premises

Rental income from within premises decreased by 62% for 2H 2020 as compared to 2H 2019 and 48.3% for FY 2020 as compared to FY 2019 was mainly due to rental rebates granted to tenants due to Covid-19.

2. Cost of sales

Cost of sales decreased by 35.7% for 2H 2020 as compared to 2H 2019 and 28.2% for FY 2020 as compared to corresponding period in 2019 was mainly due to lower operation costs in the Group's hotels, in line with lower revenue.,

3. Other income

Other income comprises mainly foreign exchange gain, fair value gain on financial assets at fair value through profit or loss, miscellaneous other income and government cash grant.

The decrease of 40.6% in other income for 2H 2020 as compared to 2H 2019 and 43.8% for FY 2020 as compared to the same period in 2019 was mainly due to higher foreign exchange gain from the New Zealand subsidiaries, government cash grant received for Hotel Royal (Newton), Hotel Royal @ Queens and Royal Properties, offset by absence of fair value gain on financial assets at fair value through profit or loss and lower time deposit interest income.

4. Distribution costs

The decrease of 19.8% in distribution costs for 2H 2020 as compared to 2H 2019 and 20.9% for FY 2020 as compared to the same period in 2019 was mainly due to lower sales and marketing expenses, from travel agents and online reservation portals, in the Group's hotels.

5. Administrative expenses

The decrease 38.2% in administrative expenses for 2H 2020 as compared to 2H 2019 and 27.5% for FY 2020 as compared to corresponding period in 2019 was mainly due to lower overhead expenses such as repair and maintenance, utilities and payroll costs in the Group's hotels. The Group had been taking steps to reduce expenses and defer non-urgent repair and maintenance when possible.

6. Other expenses

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 increase in other expenses for both 2H 2020 and FY 2020 as compared to the corresponding period in 2019 was mainly due to impairment of properties in New Zealand, Malaysia and Bangkok's properties as the recoverable amount is lower than its carrying amount.

7. Finance costs

The decrease in finance costs for both 2H 2020 and FY 2020 as compared to the corresponding period in 2019 was mainly due to lower interest rates and repayment of bank loans.

8. (Loss) Profit before income tax

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

	<u>Group</u>					
	<u>2H Ended 31 Dec</u>			<u>FY Ended 31 Dec</u>		
	<u>2020</u>	<u>2019</u>	<u>+ / (-)</u>	<u>2020</u>	<u>2019</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	3,846	4,189	(8.19)	7,845	8,253	(4.9)
Impairment loss on building	8,830	-	100	8,830	-	100
Impairment loss on investment properties	3,500	-	100	3,500	-	100
Impairment of goodwill	2,007	-	100	2,007	-	100
Write-back of allowance for doubtful receivables no longer required	-	1	(100)	-	(2)	(100)
Fair value loss (gain) on financial assets at fair value through profit or loss	(208)	5	n.m.	110	(93)	n.m.
Net foreign exchange adjustment loss (gain)	975	(713)	> 100	716	(978)	> 100
Loss (gain) on disposal of property, plant and equipment	(11)	-	>100	(2)	2	n.m.

n.m.: not meaningful

Fair value loss (gain) on financial assets at fair value through profit or loss

The Group had net fair value loss on financial assets at fair value through profit or loss for FY 2020 as opposed to net fair value gain in 2019 mainly due to weakened market conditions for bond and real estate investments amid Covid-19 pandemic.

Impairment loss on building

Impairment loss on building arose from Baba Residences Sdn Bhd and Hotel Royal Bangkok (Thailand) Co. Ltd. as the recoverable amount are lower than its carrying amount.

Impairment loss on investment properties

Impairment loss on building arose from Grand Complex Properties Limited as the recoverable amount of investments properties is lower than its carrying amount.

Impairment of goodwill

Goodwill was fully impaired for as the recoverable amount of the cash-generating unit in Thailand is less than its carrying amount.

Net foreign exchange adjustment loss (gain)

The Group had net foreign exchange adjustment loss for FY 2020 as compared to net foreign exchange adjustment gain in corresponding periods in 2019 mainly due to weakened Thai baht and New Zealand dollar against Singapore dollar.

9. Income tax expense

The decrease in income tax expense for both second half and FY 2020 as compared to the same period in 2019 was due to lower taxable income as a result of Covid-19.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>31 Dec 20</u>	<u>31 Dec 19</u>	<u>31 Dec 20</u>	<u>31 Dec 19</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>ASSETS</u>					
Current assets					
Cash and bank balances	10	16,202	20,903	4,648	7,732
Financial assets at fair value through profit or loss	11	3,406	3,725	1,006	1,566
Financial assets at fair value through other comprehensive income	12	8,447	6,378	1,766	1,068
Trade receivables	13	2,068	2,755	770	647
Other receivables, deposits and prepaid expenses		11,260	9,270	663	352
Inventories		1,043	1,106	285	276
Income tax recoverable		5	4	-	-
Total current assets		42,431	44,141	9,138	11,641
Non-current assets					
Subsidiaries		-	-	199,800	198,956
Financial assets at fair value through other comprehensive income	12	17,841	18,332	15,252	15,470
Other assets		445	503	-	74
Goodwill		-	2,057	-	-
Property, plant and equipment		614,389	671,464	247,778	273,975
Investment properties		107,705	102,077	22,490	22,876
Total non-current assets		740,380	794,433	485,320	511,351
Total assets		782,811	838,574	494,458	522,992
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	14	7,321	9,374	360	-
Trade payables	15	3,212	5,837	1,537	2,206
Other payables	16	5,275	4,780	2,830	2,781
Income tax payable		1,885	2,796	1,099	1,543
Derivative financial instruments		196	-	-	-
Total current liabilities		17,889	22,787	5,826	6,530
Non-current liabilities					
Other payables		31	53	27,888	28,070
Retirement benefit obligations		497	895	-	-
Long-term bank loans	14	120,197	106,020	43,561	37,601
Deferred tax liabilities		20,379	20,450	787	1,020
Total non-current liabilities		141,104	127,418	72,236	66,691
Capital and reserves					
Share capital		150,665	150,665	150,665	150,665
Asset revaluation reserve	17	382,069	424,469	219,508	244,108
Employee benefit reserve		180	155	-	-
Fair value reserve	18	17,272	16,536	14,065	14,082
Translation reserve	19	4,282	3,789	-	-
Retained earnings		69,350	92,755	32,158	40,916
Total equity		623,818	688,369	416,396	449,771
Total liabilities and equity		782,811	838,574	494,458	522,992

Notes

10. Cash and bank balances

The decrease in cash and bank balances was mainly due to lower revenue amid Covid-19 pandemic.

11. Financial assets at fair value through profit or loss

The decrease in financial assets at fair value through profit or loss was mainly due to higher fair value loss arising from weakened market conditions for bond and real estate investments amid Covid-19 situation.

12. Financial assets at fair value through other comprehensive income

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

The increase in current balance was mainly due to higher purchase of investments by the fund managers. The decrease in non-current portion of financial assets at fair value through other comprehensive income were mainly due to fair value loss arising from weakened Singapore and Malaysia stock market conditions amid Covid-19 for quoted equity shares.

13. Trade receivables

The decrease in trade receivables was mainly due to lower revenue as most businesses were badly affected by Covid-19 in year 2020 which impacted global travels.

14. Bank loans

Bank loan consist of current bank loans and long-term bank loans.

The decrease in current bank loans was mainly due to repayment of bank loans. The increase in long-term bank loans was mainly due to new loan drawdowns in both the Company and New Zealand subsidiary, as well as deferment of principal loan repayments for Hotel Royal Kuala Lumpur and Thailand subsidiaries.

15. Trade payables

The decrease in trade payables was mainly due to lower purchases, in line with the lower business activities.

16. Other payables (current liabilities)

The increase in other payables (current liabilities) was mainly due deferred grant income arising from supports from Singapore Government in response to the impact of Covid-19 to businesses, offset by the lower other creditors and accruals in both Malaysia and Thailand subsidiaries as businesses were badly affected by Covid-19.

17. Asset revaluation reserve

The decrease in asset revaluation reserve was due to fair value loss on Singapore hotel freehold lands.

18. Fair value reserve

The increase in fair value reserve was mainly due to fair value gain on financial assets at fair value through other comprehensive income.

19. Translation reserve

The increase in translation reserve to S\$4.282 million as at 31 December 2020 from S\$3.789 million as at 31 December 2019 was mainly due to translation gain on translating the net assets of New Zealand subsidiaries into Singapore dollar as New Zealand dollar had strengthened against the Singapore dollar, offset by translation loss on translating the net assets of Thailand subsidiaries into Singapore dollar as Thai baht had weakened against the Singapore dollar.

1(b)(ii) GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand (in S\$'000)

<u>As at 31 Dec 2020</u>		<u>As at 31 Dec 2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
7,321	-	9,374	-

Amount repayable after one year (in S\$'000)

<u>As at 31 Dec 2020</u>		<u>As at 31 Dec 2019</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
120,197	-	106,020	-

Details of collaterals

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.

**1(c) CONSOLIDATED STATEMENT OF CASH FLOWS
for the second half and financial year ended 31 December**

	Group			
	<u>2H Ended 31 Dec</u>		<u>FY Ended 31 Dec</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Operating activities:				
Profit before income tax	(17,412)	4,975	(20,101)	8,377
Adjustments for:				
Depreciation expense	3,846	4,189	7,845	8,253
Dividend income	(152)	(196)	(302)	(319)
Interest income	(29)	(45)	(31)	(69)
Impairment loss on building	8,830	-	8,830	-
Impairment of goodwill	2,007	-	2,007	-
Interest expense	1,502	1,907	3,167	4,048
Write back of allowance for doubtful receivables no longer required	-	1	-	(2)
Fair value loss (gain) on financial assets through profit or loss	(208)	5	110	(93)
(Gain) Loss on disposal of property, plant and equipment	(11)	-	(2)	2
Write back of prior years' impairment loss on leasehold land	-	(77)	-	(77)
Impairment loss on investment properties	3,500	-	3,500	-
Allowance for doubtful receivables	312	12	312	12
Fair value loss on derivative financial instruments	196	-	196	-
Operating cash flows before movements in working capital	2,381	10,771	5,531	20,132
Financial assets at fair value through other comprehensive income	-	11	-	-
Financial assets at fair value through profit or loss	550	(275)	209	(645)
Trade and other receivables	(1,501)	(731)	(1,448)	(794)
Inventories	-	169	47	(13)
Trade and other payables	(690)	2,041	(2,519)	236
Cash generated from operations	740	11,986	1,820	18,916
Interest paid	(1,502)	(1,907)	(3,167)	(4,048)
Interest received	29	45	31	69
Dividend received	152	196	302	319
Income tax paid – net of refund	(1,970)	(1,970)	(2,176)	(3,314)
Net cash (used in) from operating activities	(2,551)	8,350	(3,190)	11,942

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the second half and financial year ended 31 December (Continued)

	Group			
	<u>2H Ended 31 Dec</u>		<u>FY Ended 31 Dec</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
Investing activities:				
Deposit payment made for the proposed acquisition of the 400-room Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia	-	-	-	(6,540)
Purchase of financial assets at fair value through other comprehensive income	(1,643)	(283)	(2,385)	(370)
Proceeds from disposal of financial assets at fair value through other comprehensive income	686	-	1,504	1,139
Purchase of property, plant and equipment	(225)	(3,377)	(3,219)	(6,365)
Addition of investment properties	(4,080)	(6,100)	(6,773)	(10,008)
Proceeds from disposal of property, plant & equipment	<u>5</u>	<u>7</u>	<u>5</u>	<u>7</u>
Net cash used in investing activities	<u>(5,257)</u>	<u>(9,753)</u>	<u>(10,868)</u>	<u>(22,137)</u>
Financing activities:				
Fixed deposit pledged to banks	(10)	17	-	27
Proceeds from bank loans	9,369	3,282	14,028	12,543
Repayment of bank loans	(39)	(3,380)	(2,088)	(4,903)
Dividends paid	(2,526)	-	(2,526)	(6,042)
Net cash from (used in) financing activities	<u>6,794</u>	<u>(81)</u>	<u>9,414</u>	<u>1,625</u>
Net decrease in cash and cash equivalents	(1,014)	(1,484)	(4,644)	(8,570)
Cash and cash equivalents at beginning of period	17,077	20,296	19,850	28,189
Effect of currency exchange adjustment	(914)	1,038	(57)	231
Cash and cash equivalents at end of period	<u>15,149</u>	<u>19,850</u>	<u>15,149</u>	<u>19,850</u>

Cash and cash equivalents consist of:

	Group	
	<u>31 Dec</u>	<u>31 Dec</u>
	<u>2020</u>	<u>2019</u>
	<u>SS'000</u>	<u>SS'000</u>
Cash on hand	110	154
Cash at bank	12,251	18,664
Fixed deposits	<u>3,841</u>	<u>2,085</u>
	16,202	20,903
Less: Fixed deposits pledged	<u>(1,053)</u>	<u>(1,053)</u>
Total	<u>15,149</u>	<u>19,850</u>

1(d)(i) STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Employee benefit reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Group							
Balance at 1 January 2019	150,665	407,913	190	16,755	123	93,704	669,350
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	4,862	4,862
Other comprehensive income for the period	-	16,556	(35)	(219)	3,666	231	20,199
Total	-	16,556	(35)	(219)	3,666	5,093	25,061
Transactions with owners, recognized directly in equity							
Dividends	-	-	-	-	-	(6,042)	(6,042)
Balance at 31 Dec 2019	150,665	424,469	155	16,536	3,789	92,755	688,369
Balance at 1 January 2020	150,665	424,469	155	16,536	3,789	92,755	688,369
Total comprehensive (loss) for the period							
Loss for the period	-	-	-	-	-	(20,844)	(20,844)
Other comprehensive income for the period	-	(42,400)	25	736	493	(35)	(41,181)
Total	-	(42,400)	25	736	493	(20,879)	(62,025)
Transactions with owners, recognized directly in equity							
Dividends	-	-	-	-	-	(2,526)	(2,526)
Balance at 31 Dec 2020	150,665	382,069	180	17,272	4,282	69,350	623,818

(d)(i) STATEMENTS OF CHANGES IN EQUITY (Continued)

Company	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Balance at 1 January 2019	150,665	234,208	15,608	41,317	441,798
Total comprehensive income for the period					
Profit for the period	-	-	-	5,409	5,409
Other comprehensive income for the period	-	9,900	(1,526)	232	8,606
Total	-	9,900	(1,526)	5,641	14,015
Transactions with owners, recognized directly in equity					
Dividends	-	-	-	(6,042)	(6,042)
Balance at 31 Dec 2019	150,665	244,108	14,082	40,916	449,771
Balance at 1 January 2020	150,665	244,108	14,082	40,916	449,771
Total comprehensive income for the period					
Loss for the period	-	-	-	(6,197)	(6,197)
Other comprehensive income for the period	-	(24,600)	(17)	(35)	(24,652)
Total	-	(24,600)	(17)	(6,232)	(30,849)
Transactions with owners, recognized directly in equity					
Dividends	-	-	-	(2,526)	(2,526)
Balance at 31 Dec 2020	150,665	219,508	14,065	32,158	416,396

1(d)(ii) SHARE CAPITAL

	<u>31 Dec</u> <u>2020</u>	<u>31 Dec</u> <u>2019</u>	<u>31 Dec</u> <u>2020</u>	<u>31 Dec</u> <u>2019</u>
	<u>Number of ordinary shares</u> <u>'000</u>		<u>S\$'000</u>	<u>S\$'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

Balance as at 31 December 2019 was S\$4.985 million.

During 2020, \$2.4 million was utilised for the payment of FY 2019's final dividend of 2.5 cents per share.

Balance unutilized was \$2.585 million, of which S\$2 million was placed as short-term fixed deposit and the balance of S\$0.585m was set aside for working capital.

1(d)(iii) TREASURY SHARES

There are no treasury shares.

1(d)(iv) 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 subsidiary holdings during and as at the end of the current financial period reported on.

2 AUDIT

The figures have not been audited or reviewed by the Company's auditors.

3 AUDITORS' OPINION

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.

Not applicable.

(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.

4 ACCOUNTING POLICIES

The same accounting policies and methods of computation have been applied in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2019.

5 CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policy which has a material effect on the results and financial position of the Group and of the Company for the current and the previous financial periods. The adoption of new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) pronouncement is not expected to have material effect on the amounts reported for current period.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>			
	<u>2H Ended 31 Dec</u>		<u>FY 2020</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
EPS (based on consolidated profit after taxation)				
- on weighted average number of shares	(17.69) cents	2.48 cents	(20.68) cents	4.82 cents
- on a fully diluted basis	(17.69) cents	2.48 cents	(20.68) cents	4.82 cents

Basic (loss) earnings per share is calculated based on the Group’s loss for 2H 2020 and Group’s profit FY 2020 of S\$17.835 million and S\$20.844 million respectively (2019: S\$2.496 million and S\$4.862 million respectively) after income tax expense divided by 100.8 million ordinary shares.

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

7 NET ASSET VALUE (NAV)

	<u>Group</u>		<u>Company</u>	
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
NAV per share based on issued number of shares as at the end of the respective period	<u>S\$6.19</u>	<u>S\$6.83</u>	<u>S\$4.13</u>	<u>S\$4.46</u>

The NAV per share as at 31 December 2020 and 31 December 2019 were calculated based on the number of shares in issue of 100.8 million ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

2H ended 31 Dec 2020 vs 2H ended 31 Dec 2019

The Group’s revenue decreased by 55.7% or S\$16.579 million to S\$13.197 million for 2H 2020 mainly due to lower room, food, beverages and spa revenue in the Group’s hotels. The Covid-19 had a severe impact on the Group’s performance in 2H 2020.

FY 2020 vs FY ended 2019

The Group's revenue decreased by 46.9% or S\$27.072 million to S\$30.618 million for FY 2020 mainly due to lower room, food, beverages and spa revenue in the Group's hotels. The Covid-19 had a severe impact on the Group's performance in year 2020.

The Group recorded a loss after income tax of S\$20.844 million for FY 2020 as compared to profit after income tax of S\$4.862 million for FY 2019. This is mainly due to lower revenue, higher impairment loss on building, investment properties and goodwill offset by lower income tax expenses. Adjusting for the impairment loss on building, investment properties and goodwill in 2020, the adjusted loss (profit) after income tax for FY 2020 would be as follows:

	<u>2020</u>	<u>2019</u>	<u>+(-)</u>	<u>+(-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
(Loss) Profit after income tax	<u>(20,844)</u>	<u>4,862</u>	<u>(25,706)</u>	<u>n.m.</u>
- Impairment loss on building of Baba Residences and Hotel Royal Bangkok (Thailand)	8,830	-	8,830	100.0
- Impairment loss on investment properties of Grand Complex	3,500	-	3,500	100.0
- Impairment loss on goodwill	2,007	-	2,007	100.0
	<u>14,337</u>	<u>-</u>	<u>14,337</u>	<u>n.m.</u>
Adjusted (loss) profit after income tax	<u>(6,507)</u>	<u>4,862</u>	<u>11,369</u>	<u>n.m.</u>

In the opinion of the Directors, no transaction has arisen between 31 December 2020 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

9 VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

Not applicable.

10 OUTLOOK

Since January 2020, the Covid-19 pandemic and the related lockdown measures required to contain the virus had a severe impact on the hospitality industry globally.

As countries imposed travel restrictions and closed down their borders, tourists arrivals to Singapore, Malaysia and Thailand had dried out resulting in tremendous drop in demand for rooms at the Group's hotels. This is an industry-wide trend which will continue into FY2021.

The Group's operations and financial performance will depend on the global recovery from the Covid-19 pandemic, when a safe vaccine is available to the public and the border will be opened to resume international travelling into Singapore, Malaysia and Thailand. The first shipment of Covid-19 vaccines had arrived in Singapore on 21 December 2020 and the government proposed to progressively vaccinate the population by end of 2021.

The Group is actively monitoring the virus outbreak and had taken precautions to protect staff and guests. Hotel Royal (Newton) and Hotel Royal @ Queens have obtained the SG Clean Certification in July 2020 and received the SG Clean quality mark. The hotels have satisfied the hygiene audit and this will lessen visitors' concerns about health safety and getting ready for the post-Covid-19 recovery when travellers and room occupancy are expected to increase.

The Group's managed fund portfolio will continue to be affected by the Covid-19 virus outbreak, global economic condition, geopolitical and trade tensions.

In addition to the above, the Group's performance will also continue to be influenced by fluctuations in exchange rates of currencies such as the New Zealand dollar, United States dollar, Malaysian ringgit and Thai baht against Singapore dollar.

11 DIVIDEND

(a) Current Financial Period Reported On

The following dividend is proposed for the financial year ended 31 December 2020:

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 FY 2019:

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) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

(e) Dividend Declaration

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

Not applicable

12 OPERATING SEGMENT

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

	External		Inter-segment		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation						
Singapore	13,090	24,757	-	-	13,090	24,757
Malaysia	4,466	8,514	-	-	4,466	8,514
Thailand	4,834	16,348	-	-	4,834	16,348
	22,390	49,619	-	-	22,390	49,619
Property investment						
Singapore	1,039	850	108	108	1,147	958
New Zealand	6,329	5,870	-	-	6,329	5,870
Malaysia	549	962	-	-	549	962
	7,917	7,682	108	108	8,025	7,790
Financial investment	311	389	473	2,494	784	2,883
Total	30,618	57,690	581	2,602	31,199	60,292

II. Net (loss) profit

	Net (loss) profit for the year	
	<u>2020</u>	<u>2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation		
Singapore	1,732	5,505
Malaysia	(3,030)	(961)
Thailand	(11,904)	4,281
	(13,202)	8,825
Property investment		
Singapore	(564)	407
New Zealand	(3,082)	1,900
Malaysia	(178)	795
	(3,824)	3,102
Financial investment	92	498
Total	(16,934)	12,425
Finance cost	(3,167)	(4,048)
(Loss) Profit before income tax	(20,101)	8,377
Income tax expense	(743)	(3,515)
(Loss) Profit after income tax	(20,844)	4,862

III. Segment assets and liabilities

	Segment assets		Segment liabilities	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	478,809	514,872	3,865	3,300
Malaysia	54,828	67,155	2,515	1,611
Thailand	99,012	116,818	1,121	3,243
	632,649	698,845	7,501	8,154
Property investment				
Singapore	25,636	28,037	120	155
New Zealand	75,660	69,016	1,734	2,420
Malaysia	11,016	11,406	-	809
	112,312	108,459	1,854	3,384
Financial investment	30,240	29,181	19	27
Total	775,201	836,485	9,374	11,565
Unallocated items	7,610	2,089	149,619	138,640
Consolidated total	782,811	838,574	158,993	150,205

IV. Other segment information

	Depreciation		Additions to non-current assets	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	2,960	2,867	1,326	1,418
Malaysia	2,057	1,982	1,504	3,640
Thailand	1,578	2,152	389	1,307
	6,595	7,001	3,219	6,365
Property investment				
Singapore	444	446	-	9
New Zealand	628	628	6,773	9,999
Malaysia	178	178	-	-
	1,250	1,252	6,773	10,008
Financial investment	-	-	-	-
	7,845	8,253	9,992	16,373

V. Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial investments) by geographical location are detailed below:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	14,438	25,996	479,772	524,825
Malaysia	5,016	9,476	91,059	92,192
New Zealand	6,329	5,870	71,566	65,289
Thailand	4,835	16,348	97,983	112,127
Total	30,618	57,690	740,380	794,433

13 REVIEW OF SEGMENT PERFORMANCE

The net (loss) profit for hotel operation segment decreased by 250% or S\$22.027 million from net profit of S\$8.825 million in 2019 to net loss of (S\$13.202) million in 2020. This was due to lower performances in Singapore, Malaysia and Thailand hotels.

The net (loss) profit for property investment segment decreased by 223% or S\$6.926 million from net profit of S\$3.102 million in 2019 to net loss of (S\$3.824) million in 2020. This was mainly due to lower performances from investment properties in both New Zealand, Malaysia and Singapore.

The net profit for financial investment decreased by 81.5% or S\$0.406 million from S\$0.498 million in 2019 to S\$0.092 million in 2020. This was mainly due to lower dividend income and lower time deposit interest income.

14 BREAKDOWN OF SALES

	<u>Group</u>		
	<u>2020</u>	<u>2019</u>	<u>Decrease</u>
	S\$'000	S\$'000	%
<u>Revenue reported for:</u>			
1 st Half	17,421	27,914	(37.6)
2 nd Half	13,197	29,776	(55.7)
Total	30,618	57,690	(46.9)
<u>(Loss) Profit for the year attributable to equity holders of the Company:</u>			
1 st Half	(3,009)	2,366	n.m.
2 nd Half	(17,835)	2,496	n.m.
Total	(20,844)	4,862	n.m.

15 TOTAL ANNUAL DIVIDEND

	<u>2020</u> <u>S\$'000</u>	<u>2019</u> <u>S\$'000</u>
Ordinary		
Interim	-	-
Final	2,526	6,042
	<hr/>	<hr/>
	2,526	6,042
	<hr/>	<hr/>

16 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.

17 SUBSEQUENT EVENTS

We have taken possession of Royale Chulan Bukit Bintang on 22 February 2020.

RM161.54 million of the purchase consideration of RM177.30 million was paid to the Vendor on 22 February and a final payment RM15.76 million will be made by 21 March 2021, being one month from the transfer of legal possession of the property to the Vendor.

We will cease operation of the property for about 24 months to renovate the property.

18 DISCLOSURE ON INCORPORATION, ACQUISITION AND REALISATION OF SHARES PURSUANT TO RULE 706A OF THE SGX-ST LISTING MANUAL

There were no acquisitions or realization of shares in any of the Group's subsidiary and/or associated companies nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during FY 2020.

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

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

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Lee Chou Hock (BAcc, MBA)	67	Nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company Cousin of Lee Chu Muk, a 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	75	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)	41	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. Presently the General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd. His duties include the general management of Hotel Royal @ Queens (Singapore) Pte Ltd.	No change during the FY 2020. Redesignated as Group Director of Operations with effect from 1 March 2021 and responsible for the overall operations of Hotel Royal Group

19 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)	38	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)	32	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. Her duty is to assist the General Manager of Hotel Royal @ Queens to oversee the daily operation of the hotel.	No change during the FY 2020. Promoted to General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd with effect from 1 March 2021 and responsible for the management and operations of Hotel Royal @ Queens (Singapore) Pte Ltd

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

1 March 2021