



**Interim Financial Statements
for the six months period ended
30 June 2024**

HOTEL ROYAL LIMITED

Incorporated in the Republic of Singapore

Company Registration Number - 196800298G

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	<u>The Group</u>			<u>The Company</u>		
		<u>30 June</u>	<u>31 December</u>	<u>1 January</u>	<u>30 June</u>	<u>31 December</u>	<u>1 January</u>
		<u>2024</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
		<u>(Restated)*</u>	<u>(Restated)*</u>		<u>(Restated)*</u>	<u>(Restated)*</u>	
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
<u>ASSETS</u>							
Current assets							
Cash and bank balances		15,224	22,658	47,023	969	6,813	33,444
Financial assets at fair value through profit or loss	4	7,067	5,294	3,834	2,898	2,057	1,866
Financial assets at fair value through other comprehensive income	5	5,802	5,239	6,190	934	839	777
Trade receivables	6	1,778	2,444	1,826	648	548	356
Other receivables, deposits and prepaid expenses	7	1,959	1,940	1,758	228	131	154
Inventories		928	974	716	123	124	95
Income tax recoverable		69	53	83	-	-	-
Total current assets		32,827	38,602	61,430	5,800	10,512	36,692
Non-current assets							
Subsidiaries		-	-	-	264,098	259,343	227,769
Financial assets at fair value through other comprehensive income	5	19,135	18,804	18,581	15,589	15,553	15,500
Other assets		2,275	900	127	2,201	708	53
Property, plant and equipment	8	670,372	672,412	644,157	252,423	252,721	239,863
Investment properties	9	132,667	133,362	136,210	37,367	37,367	35,003
Total non-current assets		824,449	825,478	799,075	571,678	565,692	518,188
Total assets		857,276	864,080	860,505	577,478	576,204	554,880
<u>LIABILITIES AND EQUITY</u>							
Current liabilities							
Bank loans	10	5,635	8,759	21,375	720	720	720
Trade payables		5,212	4,310	4,074	2,348	2,180	2,188
Other payables	11	4,095	6,033	4,723	3,531	3,508	2,708
Income tax payable		2,595	2,563	1,195	1,203	1,363	842
Total current liabilities		17,537	21,665	31,367	7,802	7,771	6,458
Non-current liabilities							
Other payables	11	28	36	35	8,223	8,442	14,602
Retirement benefit obligations		312	259	359	-	-	-
Long-term bank loans	10	150,872	149,971	152,930	73,910	71,860	70,947
Deferred tax liabilities		10,583	10,657	10,362	846	832	723
Total non-current liabilities		161,795	160,923	163,686	82,979	81,134	86,272

* Certain comparative figures have been restated. Please refer to Note 22 (pages 21 to 23) for further details.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (Continued)

	Note	<u>The Group</u>			<u>The Company</u>		
		<u>30 June</u>	<u>31 December</u>	<u>1 January</u>	<u>30 June</u>	<u>31 December</u>	<u>1 January</u>
		<u>2024</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
		<u>(Restated)*</u>	<u>(Restated)*</u>		<u>(Restated)*</u>	<u>(Restated)*</u>	
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
Capital and reserves							
Share capital	12	190,836	190,836	190,836	190,836	190,836	
Asset revaluation reserve		395,489	395,489	372,300	227,608	214,508	
Employee benefit reserve		66	66	15	-	-	
Fair value reserve		17,876	16,995	16,217	14,779	14,540	
Foreign currency translation reserve		(28,949)	(24,146)	(14,115)	-	-	
Retained earnings		102,626	102,252	100,199	53,474	42,266	
Total equity		677,944	681,492	665,452	486,697	462,150	
Total liabilities and equity		857,276	864,080	860,505	577,478	554,880	

* Certain comparative figures have been restated. Please refer to Note 22 (Pages 21 to 23) for further details.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months period ended 30 June

	<u>Note</u>	<u>The Group</u>		
		<u>First Half-Year Ended 30 June</u>		
		<u>2024</u>	<u>2023</u>	<u>+ / (-)</u>
		<u>(\$'000)</u>	<u>(Restated)*</u>	<u>%</u>
		<u>\$'000</u>	<u>\$'000</u>	
Revenue	13	32,543	27,541	18.2
Cost of sales		(15,300)	(13,695)	11.7
Gross profit		17,243	13,846	24.5
Other income	14	1,974	2,253	(12.4)
Distribution and marketing expense		(621)	(550)	12.9
Administrative expenses		(9,926)	(7,818)	27.0
Other expenses		(10)	(60)	(83.3)
Finance costs	15	(3,835)	(4,230)	(9.3)
Profit before income tax	16	4,825	3,441	40.2
Income tax expense	17	(1,364)	(1,136)	20.1
Profit for the period, attributable to owners of the Company		3,461	2,305	50.2
Earnings per ordinary share (cents):				
Basic	18	2.86	1.91	49.7
Diluted	18	2.86	1.91	49.7

* Certain comparative figures have been restated. Please refer to Note 22 (Pages 21 to 23) for further details.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the six months period ended 30 June

	The Group		
	First Half-Year Ended 30 June		
	<u>2024</u>	<u>2023</u>	<u>+ / (-)</u>
		<u>(Restated)*</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Profit for the period	3,461	2,305	50.2
Other comprehensive income:			
<i><u>Items that will not be reclassified subsequently to profit or loss</u></i>			
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income	818	556	47.1
Re-measurement of defined benefit obligations	-	43	100.0
Total	<u>818</u>	<u>599</u>	<u>36.6</u>
<i><u>Items that may be reclassified subsequently to profit or loss</u></i>			
Exchange differences on translation of foreign operations	<u>(4,803)</u>	<u>(10,869)</u>	<u>(55.8)</u>
Other comprehensive loss for the period	<u>(3,985)</u>	<u>(10,270)</u>	<u>(61.2)</u>
Total comprehensive loss for the period, attributable to owners of the Company	<u>(524)</u>	<u>(7,965)</u>	<u>(93.4)</u>

* Certain comparative figures have been restated. Please refer to Note 22 (Pages 21 to 23) for further details.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months period ended 30 June

<u>The Group</u>	<u>Share capital</u> <u>\$'000</u>	<u>Asset revaluation reserve</u> <u>\$'000</u>	<u>Employee benefit reserve</u> <u>\$'000</u>	<u>Fair value reserve</u> <u>\$'000</u>	<u>Foreign currency translation reserve</u> <u>\$'000</u>	<u>Retained earnings</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Balance as at 1 January 2023 (as reported previously)	190,836	372,300	15	16,217	(14,133)	65,884	631,119
Restatement (Note 22)	-	-	-	-	18	34,315	34,333
Balance as at 1 January 2023 (restated)	190,836	372,300	15	16,217	(14,115)	100,199	665,452
<i>Total comprehensive loss for the period:</i>							
Profit for the period	-	-	-	-	-	2,305	2,305
Other comprehensive income (loss) for the period	-	-	43	618	(10,869)	(62)	(10,270)
Total	-	-	43	618	(10,869)	2,243	(7,965)
<i>Transactions with owners, recognised directly in equity:</i>							
Final dividend	-	-	-	-	-	(3,024)	(3,024)
Balance at 30 June 2023	190,836	372,300	58	16,835	(24,984)	99,418	654,463
Balance at 1 January 2024 (as reported previously)	190,836	395,489	66	16,995	(23,513)	65,478	645,351
Restatement (Note 22)	-	-	-	-	(633)	36,774	36,141
Balance as at 1 January 2024 (restated)	190,836	395,489	66	16,995	(24,146)	102,252	681,492
<i>Total comprehensive loss for the period:</i>							
Profit for the period	-	-	-	-	-	3,461	3,461
Other comprehensive income (loss) for the period	-	-	-	881	(4,803)	(63)	(3,985)
Total	-	-	-	881	(4,803)	3,398	(524)
<i>Transactions with owners, recognised directly in equity:</i>							
Final dividend	-	-	-	-	-	(3,024)	(3,024)
Balance at 30 June 2024	190,836	395,489	66	17,876	(28,949)	102,626	677,944

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Continued)
For the six months period ended 30 June

	<u>Share capital</u> \$'000	<u>Asset revaluation reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
<i>The Company</i>					
Balance as at 1 January 2023 (as reported previously)	190,836	214,508	14,540	29,290	449,174
Restatement (Note 22)	-	-	-	12,976	12,976
Balance as at 1 January 2023 (restated)	190,836	214,508	14,540	42,266	462,150
<i>Total comprehensive income for the period:</i>					
Profit for the period	-	-	-	1,921	1,921
Other comprehensive income (loss) for the period	-	-	41	(5)	36
Total	-	-	41	1,916	1,957
<i>Transactions with owners, recognised directly in equity:</i>					
Final dividend	-	-	-	(3,024)	(3,024)
Balance at 30 June 2023	190,836	214,508	14,581	41,158	461,083
Balance as at 1 January 2024 (as reported previously)	190,836	227,608	14,660	38,761	471,865
Restatement (Note 22)	-	-	-	15,434	15,434
Balance as at 1 January 2024 (restated)	190,836	227,608	14,660	54,195	487,299
<i>Total comprehensive income for the period:</i>					
Profit for the period	-	-	-	2,314	2,314
Other comprehensive income (loss) for the period	-	-	119	(11)	108
Total	-	-	119	2,303	2,422
<i>Transactions with owners, recognised directly in equity:</i>					
Final dividend	-	-	-	(3,024)	(3,024)
Balance at 30 June 2024	190,836	227,608	14,779	53,474	486,697

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months period ended 30 June

	<u>The Group</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>(Restated)</u>
		<u>\$'000</u>
Operating activities		
Profit before income tax	4,825	3,441
Adjustments for:		
Depreciation expense	3,527	2,997
Dividend income	(180)	(196)
Net fair value gain on financial assets at fair value through profit or loss	(45)	(116)
Recognition of rental income on a straight-line basis over the lease term	30	53
Loss on disposal of property, plant and equipment	11	2
Interest expense	3,835	4,230
Interest income	(121)	(548)
Allowance for doubtful debts	-	19
Bad debts recovered	-	(15)
Write back of allowance for doubtful receivables	-	(25)
Unrealised foreign exchange gain	(1,503)	(1,307)
Operating cash flows before movements in working capital	<u>10,379</u>	<u>8,535</u>
Financial assets at fair value through profit or loss	(1,603)	(883)
Trade and other receivables	(775)	359
Inventories	26	(41)
Trade and other payables	(905)	(1,487)
Cash generated from operations	<u>7,122</u>	<u>6,483</u>
Dividend received	180	196
Interest paid	(3,835)	(4,230)
Interest received	121	548
Income tax paid	(1,240)	(502)
Net cash from operating activities	<u>2,348</u>	<u>2,495</u>
Investing activities		
Additions to investment properties	(258)	(185)
Additions to property, plant and equipment	(4,455)	(7,439)
Proceeds from disposal of financial assets held at fair value through other comprehensive income	544	72
Proceeds from disposal of property, plant and equipment	1	33
Purchase of financial assets held at fair value through other comprehensive income	(620)	(117)
Net cash used in investing activities	<u>(4,788)</u>	<u>(7,636)</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months period ended 30 June

	<u>The Group</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Financing activities		
Dividends paid	(3,024)	(3,024)
Proceed from bank loans	3,400	8,223
Repayment of bank loans	(5,164)	(6,365)
Fixed deposit pledged to banks	281	(1,052)
Net cash used in financing activities	<u>(4,507)</u>	<u>(2,218)</u>
Net decrease in cash and cash equivalents	(6,947)	(7,359)
Cash and cash equivalents at beginning of period	20,724	44,772
Effect of currency exchange adjustment	(209)	(251)
Cash and cash equivalents at end of period	<u>13,568</u>	<u>37,162</u>

Cash and cash equivalents consist of

	<u>The Group</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash on hand	116	90
Cash at bank	12,592	11,517
Fixed deposits	2,516	28,728
	<u>15,224</u>	<u>40,335</u>
Less: Fixed deposits pledged	(1,656)	(3,173)
Total	<u>13,568</u>	<u>37,162</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hotel Royal Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 30 June 2024 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 interim financial statements of the Group and the Company for the six months ended 30 June 2024 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 year ended 31 December 2023.

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 change of accounting policy regarding the subsequent measurement of investment property from the cost model to the fair value model, where changes in fair value are recognised in profit or loss as disclosed in Note 22 (pages 21 to 23) and 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 2023.

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 interim 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
- Note 9 - Investment properties at fair value

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 *Changes in accounting policies*

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting period compared with the audited financial statements for the year ended 31 December 2023, except for the change of accounting policy regarding the subsequent measurement of investment property from the cost model to the fair value model, where changes in fair value are recognised in profit or loss as disclosed in Note 22 (pages 21 to 23) and the adoption of new or revised SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for the financial year beginning on or after 1 January 2024.

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*

The adoption of the above amendments to SFRS(I) does not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

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")

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Quoted bonds	2,114	2,075	2,898	1,434
Quoted funds	4,713	2,979	-	623
Keyman life insurance policy at fair value	240	240	-	-
	<u>7,067</u>	<u>5,294</u>	<u>2,898</u>	<u>2,057</u>

The investments in quoted bonds and quoted managed funds offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the financial period.

The fair value of keyman life insurance policy is based on the total cash surrender value of the contracts stated in the annual statement of the policy (Level 2).

Changes in the fair value of financial assets at fair value through profit or loss, amounting to net gain of \$45,000 (2023 : \$160,000) have been included in profit or loss for the period as part of "other income".

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Current assets</i>				
Quoted equity shares	5,802	5,239	934	839
<i>Non-current assets</i>				
Quoted equity shares	4,146	3,815	600	564
Unquoted equity share	14,989	14,989	14,989	14,989
	<u>19,135</u>	<u>18,804</u>	<u>15,589</u>	<u>15,553</u>
Total	<u>24,937</u>	<u>24,043</u>	<u>16,523</u>	<u>16,392</u>

The investments above offer the Group the opportunity for return through dividend income and fair value gains. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. 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.

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 are 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.

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. The carrying amounts of long-term borrowings approximate their fair values as interest rates float with market rates.

(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.

	Level 1		Level 2		Level 3	
	<u>30</u> <u>June</u> <u>2024</u> <u>\$'000</u>	<u>31</u> <u>December</u> <u>2023</u> <u>\$'000</u>	<u>30</u> <u>June</u> <u>2024</u> <u>\$'000</u>	<u>31</u> <u>December</u> <u>2023</u> <u>\$'000</u>	<u>30</u> <u>June</u> <u>2024</u> <u>\$'000</u>	<u>31</u> <u>December</u> <u>2023</u> <u>\$'000</u>
The Group						
Financial assets at fair value through profit or loss:						
- Quoted bonds	2,114	2,075	-	-	-	-
- Quoted funds	4,713	2,979	-	-	-	-
- Keyman life insurance policy at fair value	-	-	240	240	-	-
Financial assets at fair value through other comprehensive income:						
- Quoted equity shares	9,948	9,054	-	-	-	-
- Unquoted equity shares	-	-	-	-	14,989	14,989

	Level 1		Level 2		Level 3	
	<u>30</u>	<u>31</u>	<u>30</u>	<u>31</u>	<u>30</u>	<u>31</u>
	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>The Company</u>						
Financial assets at fair value through profit or loss:						
- Quoted bonds	2,898	1,434	-	-	-	-
- Quoted funds	-	623	-	-	-	-
<hr/>						
Financial assets at fair value through other comprehensive income						
- Quoted equity shares	1,534	1,403	-	-	-	-
- Unquoted equity shares	-	-	-	-	14,989	14,989
<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 were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the current or prior period/year.

Reconciliation of Level 3 fair value measurement:

	<u>30 June 2024</u>	<u>31 December 2023</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Financial assets at FVTOCI</u>		
<u>The Group</u>		
Opening balance	14,989	15,494
Purchases	-	(569)
Total gains or loss:		
- In profit or loss *	-	-
- In other comprehensive income	-	64
Closing balance	<u>14,989</u>	<u>14,989</u>

<u>The Company</u>		
Opening balance	14,989	14,925
Total gains or loss:		
- In profit or loss *	-	-
- In other comprehensive income	-	64
Closing balance	<u>14,989</u>	<u>14,989</u>

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

The gains and losses included in other comprehensive income relate to investments designated at FVTOCI 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>30 June</u> <u>2024</u>	<u>31 December</u> <u>2023</u> <u>(Restated)</u>	<u>30 June</u> <u>2024</u>	<u>31 December</u> <u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	1,878	2,546	648	548
Related parties ⁽¹⁾	18	16	-	-
Total	1,896	2,562	648	548
Less: Loss allowance	(118)	(118)	-	-
	<u>1,778</u>	<u>2,444</u>	<u>648</u>	<u>548</u>

(1) Entities in which certain directors of the Company have equity interest, hold significant influence and/or are key management personnel of the entities.

7. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u> <u>2024</u>	<u>31 December</u> <u>2023</u>	<u>30 June</u> <u>2024</u>	<u>31 December</u> <u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Outside parties	104	229	-	-
Refundable deposits	701	579	103	3
Prepaid expenses	1,154	1,132	125	128
	<u>1,959</u>	<u>1,940</u>	<u>228</u>	<u>131</u>

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets (which was mainly due to renovation and upgrading of a hotel in Malaysia) amounting to \$4,455,000 (30 June 2023: \$7,439,000) and disposed assets amounting to \$12,000 (30 June 2023: \$35,000).

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. At the end of every half-year, management will assess whether fair values of the Group's properties remain appropriate and engage external, independent and qualified valuer when deemed necessary. The valuation techniques and key inputs that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy are described in Notes 13 and 14 of the Group's annual financial statements for the year ended 31 December 2023 and remained appropriate in determining the fair values of the property, plant and equipment and investment properties as at 30 June 2024.

No revaluation movements were recognised for the financial period ended 30 June 2024.

9. INVESTMENT PROPERTIES

In order to better reflect the valuation of investment properties in line with market value, the Group changed its accounting policy for its investment properties from the cost model to the fair value model. The cost model and fair value model are permitted by SFRS(I) 1-40 *Investment Property*. This voluntary change in accounting policy has been applied retrospectively, as disclosed in Note 22 (pages 21 to 23).

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.

	The Group	
	<u>30 June</u> <u>2024</u> <u>\$'000</u>	<u>31 December</u> <u>2023</u> <u>(Restated)</u> <u>\$'000</u>
Beginning of financial period	133,362	136,210
Additions	258	396
Effect of recognising accounting income on a straight line basis over the lease term	(30)	(27)
Changes in fair value	-	(618)
Exchange adjustment	(923)	(2,599)
End of financial period	<u>132,667</u>	<u>133,362</u>

	The Company	
	<u>30 June</u> <u>2024</u> <u>\$'000</u>	<u>31 December</u> <u>2023</u> <u>(Restated)</u> <u>\$'000</u>
Beginning of financial period	37,367	35,003
Additions	-	6
Changes in fair value	-	2,358
End of financial period	<u>37,367</u>	<u>37,367</u>

Please refer to Note 8 for the valuation processes, techniques and inputs used in Level 3 fair value measurements for investment properties.

10. BANK LOANS / LONG-TERM BANK LOANS

	The Group		The Company	
	<u>30 June</u> <u>2024</u> <u>\$'000</u>	<u>31 December</u> <u>2023</u> <u>\$'000</u>	<u>30 June</u> <u>2024</u> <u>\$'000</u>	<u>31 December</u> <u>2023</u> <u>\$'000</u>
Amount repayable within one year or on demand				
Secured	<u>5,635</u>	<u>8,759</u>	<u>720</u>	<u>720</u>
Amount repayable after one year				
Secured	<u>150,872</u>	<u>149,971</u>	<u>73,910</u>	<u>71,860</u>

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.

11. OTHER PAYABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u> <u>2024</u> <u>\$'000</u>	<u>31 December</u> <u>2023</u> <u>\$'000</u>	<u>30 June</u> <u>2024</u> <u>\$'000</u>	<u>31 December</u> <u>2023</u> <u>\$'000</u>
Outside parties	4,071	5,978	1	256
Subsidiaries	-	-	8,223	8,442
Deferred grant income	52	91	-	-
Financial guarantee contract liabilities	-	-	3,530	3,252
Total	4,123	6,069	11,754	11,950
Less: Amount payable within 12 months (shown under current liabilities)	(4,095)	(6,033)	(3,531)	(3,508)
Amount payable after 12 months	28	36	8,223	8,442

12(i). SHARE CAPITAL

	<u>The Group and the Company</u>			
	<u>30 June</u> <u>2024</u> <u>Number of ordinary shares</u> <u>('000)</u>	<u>31 December</u> <u>2023</u> <u>Number of ordinary shares</u> <u>('000)</u>	<u>30 June</u> <u>2024</u> <u>\$'000</u>	<u>31 December</u> <u>2023</u> <u>\$'000</u>
Issued and fully paid:				
Balance at beginning and end of period	120,960	120,960	190,836	190,836

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\$ million
Total rights issue proceeds, net	40.2
Less: Utilisation as reported previously in 31 December 2023	(37.2)
Balance unutilised as at 31 December 2023	3.0
Less: Utilisation in 1H 2024	(3.0)
Balance unutilised as at 30 June 2024	-

S\$10.0 million was utilised in 4Q 2022 to repay part of Group's bank borrowings. The balance amount was initially for working capital of the Group. With the rising interest rate and the weakening of the New Zealand Dollar, the Company took the opportunity to repay a further S\$8.4 million of a subsidiary's bank borrowing. As the Company is able to draw up on the bank borrowing for working capital, this additional loan repayment will not affect the Company's working capital requirement.

An amount of S\$21.8 million was utilised for the upgrading of Hotel Royal Signature in Kuala Lumpur, Malaysia.

12(ii). TREASURY SHARES

There are no treasury shares.

12(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.

13. REVENUE

Revenue comprises the following:

	<u>The Group</u>	
	<u>First Half-Year Ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Room revenue	22,541	19,370
Food and beverage revenue	3,640	2,738
Spa revenue	289	287
Rental income from:		
Investment properties	3,727	3,294
Within premises	1,362	1,239
Car park revenue	210	162
Interest income from outside parties	31	23
Dividend income from:		
Quoted equity investments (gross)	180	196
Others	563	232
Total	<u>32,543</u>	<u>27,541</u>

14. OTHER INCOME

	<u>The Group</u>	
	<u>First Half-Year Ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>(Restated)</u>
	<u>\$'000</u>	<u>\$'000</u>
Fair value gain on financial assets at FVTPL	45	116
Net foreign exchange adjustment gain	1,503	1,307
Interest income from fixed deposits	90	525
Government grants	293	217
Bad debts recovered	-	15
Write back of allowance for doubtful receivables	-	25
Other income	43	48
Total	<u>1,974</u>	<u>2,253</u>

15. FINANCE COSTS

	<u>The Group</u>	
	<u>First Half-Year Ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest expense on bank loans	<u>3,835</u>	<u>4,230</u>

16. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the interim financial statements, profit before income tax is arrived at after charging:

	The Group	
	First Half-Year Ended 30 June	
	2024	2023
		(Restated)
	\$'000	\$'000
Depreciation	3,527	2,997
Allowance for doubtful debts	-	19
Loss on disposal of property, plant and equipment	11	2
	<u>11</u>	<u>2</u>

17. 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	
	First Half-Year Ended 30 June	
	2024	2023
		(Restated)
	\$'000	\$'000
Current tax	1,042	752
Withholding tax	137	222
Deferred tax	185	162
Total income tax expense	<u>1,364</u>	<u>1,136</u>

18. EARNINGS PER ORDINARY SHARE (EPS)

	The Group	
	First Half-Year Ended 30 June	
	2024	2023
		(Restated)
EPS (based on consolidated profit after taxation)		
- on weighted average number of shares (cents)	2.86	1.91
- on a fully diluted basis (cents)	<u>2.86</u>	<u>1.91</u>

Basic profit per share is calculated based on the Group's profit for first half-year ended 30 June 2024 of S\$3.461 million (2023 (Restated): profit for first half-year ended 30 June 2023 S\$2.305 million) after income tax expense divided by 120.96 million ordinary shares (2023: 120.96 million).

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

19. NET ASSET VALUE (NAV)

	<u>The Group</u>		<u>The Company</u>	
	<u>30 June</u> <u>2024</u>	<u>31 December</u> <u>2023</u> <u>(Restated)</u>	<u>30 June</u> <u>2024</u>	<u>31 December</u> <u>2023</u> <u>(Restated)</u>
NAV per share based on issued number of shares as at the end of the respective period (\$)	5.61	5.63	4.02	4.03

The NAV per share as at 30 June 2024 and 31 December 2023 were calculated based on the number of shares in issue of 120.96 million ordinary shares.

20. OPERATING SEGMENTS

The Group is primarily engaged in the following operations:

- Owning and operating hotels and providing ancillary services (“hotel operations”).
- Owning and letting out investment properties (“property investments”).
- Holding financial investments such as shares, bonds and funds to generate income through interest and dividends, and also for potential capital appreciation (“financial investments”).

I Revenue

For six months period ended 30 June

	<u>External</u>		<u>Inter-segment</u>		<u>Total</u>	
	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
Hotel operations						
Singapore	14,345	13,596	-	-	14,345	13,596
Malaysia	6,402	3,502	-	-	6,402	3,502
Thailand	7,859	6,930	-	-	7,859	6,930
	<u>28,606</u>	<u>24,028</u>	<u>-</u>	<u>-</u>	<u>28,606</u>	<u>24,028</u>
Property investments						
Singapore	502	493	49	50	551	543
New Zealand	2,421	2,300	-	-	2,421	2,300
Malaysia	804	501	-	-	804	501
	<u>3,727</u>	<u>3,294</u>	<u>49</u>	<u>50</u>	<u>3,776</u>	<u>3,344</u>
Financial investments	<u>210</u>	<u>219</u>	<u>2,657</u>	<u>476</u>	<u>2,867</u>	<u>695</u>
Segments total	<u>32,543</u>	<u>27,541</u>	<u>2,706</u>	<u>526</u>	<u>35,249</u>	<u>28,067</u>

II Net profit (loss)
For six months period ended 30 June

	Net profit (loss) for the period	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>(Restated)</u>
	<u>\$'000</u>	<u>\$'000</u>
Hotel operations		
Singapore	4,105	3,879
Malaysia	(871)	(1,793)
Thailand	4,046	4,284
	<u>7,280</u>	<u>6,370</u>
Property investments		
Singapore	224	240
New Zealand	319	515
Malaysia	534	229
	<u>1,077</u>	<u>984</u>
Financial investments	<u>303</u>	<u>317</u>
Segments total	<u>8,660</u>	<u>7,671</u>
Finance costs	<u>(3,835)</u>	<u>(4,230)</u>
Profit before income tax	<u>4,825</u>	<u>3,441</u>
Income tax expense	<u>(1,364)</u>	<u>(1,136)</u>
Profit after income tax	<u>3,461</u>	<u>2,305</u>

III Segment assets and liabilities
For six months period ended 30 June

	<u>Segment assets</u>		<u>Segment liabilities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>(Restated)</u>	<u>\$'000</u>	<u>(Restated)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operations				
Singapore	448,238	425,299	3,547	2,923
Malaysia	151,975	142,323	3,631	2,121
Thailand	88,085	85,419	1,669	1,522
	<u>688,298</u>	<u>653,041</u>	<u>8,847</u>	<u>6,566</u>
Property investments				
Singapore	46,360	43,597	86	109
New Zealand	63,107	66,032	703	825
Malaysia	24,751	24,914	-	-
	<u>134,218</u>	<u>134,543</u>	<u>789</u>	<u>934</u>
Financial investments	<u>32,175</u>	<u>30,580</u>	<u>11</u>	<u>18</u>
Segments total	<u>854,691</u>	<u>818,164</u>	<u>9,647</u>	<u>7,518</u>
Unallocated items	<u>2,585</u>	<u>28,793</u>	<u>169,685</u>	<u>184,976</u>
Consolidated total	<u>857,276</u>	<u>846,957</u>	<u>179,332</u>	<u>192,494</u>

IV Other segment information
For six months period ended 30 June

	<u>Depreciation</u>		<u>Additions to non-current assets</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>(Restated)</u> <u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Hotel operations				
Singapore	1,157	1,346	383	457
Malaysia	1,975	1,124	3,732	6,855
Thailand	395	527	340	127
	<u>3,527</u>	<u>2,997</u>	<u>4,455</u>	<u>7,439</u>
Property investments				
Singapore	-	-	-	-
New Zealand	-	-	258	185
Malaysia	-	-	-	-
	<u>-</u>	<u>-</u>	<u>258</u>	<u>185</u>
Consolidated total	<u>3,527</u>	<u>2,997</u>	<u>4,713</u>	<u>7,624</u>

V Geographical information
For six months period ended 30 June

Information about the Group's revenue and non-current assets by geographical location are described below:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>(Restated)</u> <u>\$'000</u>
Singapore	15,057	14,308	509,937	481,868
Malaysia	7,206	4,003	172,274	163,567
New Zealand	2,421	2,300	61,609	64,785
Thailand	7,859	6,930	80,629	80,742
	<u>32,543</u>	<u>27,541</u>	<u>824,449</u>	<u>790,962</u>

21. SUBSEQUENT EVENTS

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

22. RESTATEMENT OF COMPARATIVE INFORMATION

In the current interim period, the Group changed its accounting policy regarding the subsequent measurement of investment properties from the cost model to the fair value model, where changes in fair values are recognised in profit or loss. The fair value model better reflects the performance of this segment as any changes in fair value would be recognised in profit or loss. The cost model and fair value model are permitted by SFRS(I) 1-40 *Investment Property*. This voluntary change in accounting policy has been applied retrospectively. As a result, certain line items have been adjusted in the statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and the related notes to the financial statements.

The items were adjusted as follows:

Restated statement of financial position as at 31 December 2023 and 1 January 2023:

	<u>The Group</u>			<u>The Group</u>		
	<u>31 December 2023</u>			<u>1 January 2023</u>		
	<u>Reported</u>	<u>Adjustments</u>	<u>Restated</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Restated</u>
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
ASSETS						
Current assets						
Trade receivables	2,516	(72)	2,444	1,925	(99)	1,826
Total current assets	38,674	(72)	38,602	61,529	(99)	61,430
Non-current assets						
Other assets	1,503	(603)	900	740	(613)	127
Investment properties	95,864	37,498	133,362	101,318	34,892	136,210
Total non-current assets	788,583	36,895	825,478	764,796	34,279	799,075
Total assets	827,257	36,823	864,080	826,325	34,180	860,505
LIABILITIES AND EQUITY						
Non-current liabilities						
Deferred tax liabilities	9,975	682	10,657	10,515	(153)	10,362
Total non-current liabilities	160,241	682	160,923	163,839	(153)	163,686
Capital and reserves						
Translation reserve	(23,513)	(633)	(24,146)	(14,133)	18	(14,115)
Retained earnings	65,478	36,774	102,252	65,884	34,315	100,199
Total equity	645,351	36,141	681,492	631,119	34,333	665,452
Total liabilities and equity	827,257	36,823	864,080	826,325	34,180	860,505
ASSETS						
Non-current assets						
Investment properties	21,933	15,434	37,367	22,027	12,976	35,003
Total non-current assets	550,258	15,434	565,692	505,212	12,976	518,188
Total assets	560,770	15,434	576,204	541,904	12,976	554,880
Capital and reserves						
Retained earnings	38,761	15,434	54,195	29,290	12,976	42,266
Total equity	471,865	15,434	487,299	449,174	12,976	462,150
Total liabilities and equity	560,770	15,434	576,204	541,904	12,976	554,880

Restated consolidated statement of profit or loss for the six months period ended 30 June 2023:

	The Group		
	30 June 2023		
	<u>Reported</u>	<u>Adjustments</u>	<u>Restated</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost of sales	(14,316)	621	(13,695)
Gross profit	13,225	621	13,846
Other income	2,450	(197)	2,253
Profit before tax	3,017	424	3,441
Income tax expense	(1,061)	(75)	(1,136)
Profit for the financial period, attributable to the owners of the Company	1,956	349	2,305

Restated consolidated statement of profit or loss and other comprehensive income for the six months period ended 30 June 2023:

	The Group		
	30 June 2023		
	<u>Reported</u>	<u>Adjustments</u>	<u>Restated</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit for the period	1,956	349	2,305
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(10,309)	(560)	(10,869)
Other comprehensive loss for the period, net of tax	(9,710)	(560)	(10,270)
Total comprehensive loss for the period attributable to owners of the Company	(7,754)	(211)	(7,965)

Upon the adoption of the fair value model for investment properties, the Group restated the subsequent measurements of investment properties and retained earnings, resulting in an increase in the value of investment properties by S\$37.498 million from S\$95.864 million to S\$133.362 million, and the restated retained earnings increased by S\$36.774 million from S\$65.478 million to S\$102.252 million as of 31 December 2023.

The Company also recognised a rise in the value of its investment properties by S\$15.434 million, from S\$21.933 million to S\$37.367 million, with the retained earnings increasing by S\$15.434 million from S\$471.865 million to S\$487.299 million as of 31 December 2023 due to the fair value model adoption.

The change of accounting policy regarding the subsequent measurement of investment properties from the cost model to the fair value model by the Group and Company resulted to the following recognition in the Statements of Financial Position as of 30 June 2024:-

- The Group's trade receivables, other assets and deferred tax liabilities decreased by S\$0.103 million, S\$0.531 million and S\$15.741 million respectively.
- The Group's investment properties, foreign currency translation reserve and retained earnings increased by S\$38.164 million, S\$0.537 million and S\$53.808 million respectively.
- The Company's investment properties and retained earnings increased by S\$15.485 million.

In the Consolidated Statement of Profit or Loss for the six months ended 30 June 2024, the Group's depreciation and income tax expenses (deferred tax) decreased by S\$0.654 million and S\$16.368 million respectively, while other operating income increased by S\$0.008 million. The EPS (basic and diluted) increased by 14.08 cents.

The impact to deferred tax arose from the change in tax rule in New Zealand. During the financial period, the New Zealand Government passed the Taxation (Annual Rates for 2023-2024, Multinational Tax, and Remedial Matters) Bill into law. The Bill included the removal of tax deductions for depreciation on non-residential buildings. Going forward, there is no tax deduction available for depreciation.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. AUDIT

The condensed consolidated statement of financial position of Hotel Royal Limited and its subsidiaries as at 30 June 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, statement of changes in equity of the Company and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditor.

2. REVIEW OF GROUP PERFORMANCE

a) Condensed Interim Statement of Profit or Loss

i. REVENUE

Revenue comprises the following:

	The Group		+ / (-)
	First Half-Year Ended 30 June		
	2024	2023	%
	\$'000	\$'000	
Room revenue	22,541	19,370	16.4
Food and beverage revenue	3,640	2,738	32.9
Spa revenue	289	287	0.7
Rental income from:			
Investment properties	3,727	3,294	13.1
Within premises	1,362	1,239	9.9
Car park revenue	210	162	29.6
Interest income from outside parties	31	23	34.8
Dividend income from:			
Quoted equity investments (gross)	180	196	(8.2)
Others	563	232	>100
Total	<u>32,543</u>	<u>27,541</u>	<u>18.2</u>

Room revenue

Group room revenue increased by 16.4% for 1H 2024 compared to 1H 2023, mainly due to improved room occupancy and upward adjustment of room rates in some of the Group's hotel.

Food and beverage revenue

The increase in food and beverage revenue by 32.9% for 1H 2024 compared to 1H 2023 was mainly due to higher breakfast sales driven by increased occupancy rates.

Rental income from investment properties

Rental income from investment properties increased by 13.1% for 1H 2024 compared to 1H 2023, mainly due to higher contributions from investment properties in the New Zealand and Malaysia subsidiaries.

Rental income from within premises

The increase in rental income from within premises by 9.9% for 1H 2024 compared to 1H 2023 was mainly due to higher rental income resulting from improved occupancy rates.

ii. Cost of Sales

The increase in cost of sales by 11.7% for 1H 2024 compared to 1H 2023 was mainly due to higher operation costs in the Group's hotels.

iii. Other income

The decrease in other income by 12.4% for 1H 2024 compared to 1H 2023 was mainly due to lower fair value gain on financial assets at fair value through profit or loss and lower interest income from fixed deposits.

iv. Distribution and marketing expense

The increase in distribution costs by 12.9% for 1H 2024 compared to 1H 2023 was mainly due to higher sales and marketing expenses incurred through travel agents and online reservation portals in the Group's hotels.

v. Administrative expenses

The increase in administrative expenses by 27.0% for 1H 2024 compared to 1H 2023 was mainly due to higher overhead expenses, including utilities and payroll costs, in the Group's hotels.

vi. Finance costs

The decrease in finance costs by 9.3% for 1H 2024 compared to 1H 2023 was mainly due to repayment of bank loans during the financial period and FY2023.

vii. Income tax expense

The 20.1% increase in income tax expense for 1H 2024 compared to 1H 2023 was primarily due to higher taxable income in the Group's hotels.

**viii. Net profit of segment performance
for the six months period ended 30 June**

	<u>2024</u>	<u>The Group</u>	
	<u>\$'000</u>	<u>Net profit</u>	
		<u>2023</u>	<u>+ / (-)</u>
		<u>\$'000</u>	<u>%</u>
Hotel operations	7,280	6,370	14.3
Property investments	1,077	984	9.5
Financial investments	303	317	(4.4)
Segments total	8,660	7,671	12.9
Finance costs	(3,835)	(4,230)	(9.3)
Profit before income tax	4,825	3,441	40.2
Income tax expense	(1,364)	(1,136)	20.1
Profit after income tax	3,461	2,305	50.2

The performance for the hotel operations segment increased by S\$0.910 million, rising from net profit of S\$6.370 million in 1H 2023 to S\$7.280 million in 1H 2024. This improvement was primarily driven by better performances at the Singapore and Thailand hotels.

The net profit for the property investment segment increased by \$0.093 million to reach S\$1.077 million in 1H 2024. This improvement was primarily driven by better performances from the Group's investment properties.

The net profit for the financial investment segment decreased by \$0.014 million to S\$0.303 million in 1H 2024. This decline was mainly due to a lower fair value gain on financial assets.

(a) **Condensed Interim Statement of Financial Position**

Total assets (Group) as at 30 June 2024 decreased by \$6.804 million from \$864.080 million to \$857.276 million.

The decrease was mainly due to:

- Decrease in cash and bank balances of \$7.434 million, primarily attributable to cash used for dividend payments and repayment of bank borrowings; and
- Decrease in property, plant and equipment and investment properties of \$2.735 million was mainly due to translation losses resulting from weakening of MYR, THB and NZD against SGD.

The decrease was offset by:

- The increase in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of \$2.667 million was mainly due to fair value gain resulting from strengthened stock market conditions.

Total liabilities (Group) as at 30 June 2024 decreased by \$3.256 million from \$182.588 million to \$179.332 million.

The decrease was mainly due to:

- Decrease in bank loans of \$2.223 million was due to net principal loan repayment during the financial period.
- Decrease in other payables of \$1.946 million was due to repayment during the financial period.

(b) **Condensed Interim Statement of Cash Flows**

Net cash from operating activities was derived from the operating activities of the hotel, investment properties and fund management.

Net cash used in investing activities was primarily due to renovation works for Hotel Royal Signature.

Net cash used in financing activities was mainly due to dividend payments and net principal loan repayment.

3. VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

No forecast or prospect statement was previously issued in respect of the current reporting period.

4. OUTLOOK

During the first half of 2023, the Group recorded a revenue of \$32.543 million, representing a 18.2% increase from the corresponding period in the previous year. Singapore, Malaysia and Thailand experienced an increase in tourist arrivals during the first half of 2024 compared to the corresponding period last year.

The Group is anticipating an increase in tourist arrivals based on the tourism boards' projections of the countries that our hotels operate. It is expected that visitor numbers will improve in Singapore, Malaysia, and Thailand. The optimistic forecast is influenced by enhanced global flight connections and the visa-free travel policies implemented by these countries, specifically targeting the Chinese market. The Group's revenue is expected to remain positive following the recent openings of Hotel Royal Signature.

Despite the positive outlook, we must remain vigilant against the potential consequences of ongoing geo-political tensions, global inflation, and high interest rates, as these factors could negatively impact the Group's performance, including its managed fund portfolio.

The Group's performance may be impacted by fluctuations in exchange rates between the New Zealand dollar, United States dollar, Malaysian ringgit, and Thai baht against the Singapore dollar.

5. DIVIDENDS

(a) Current Financial Period Reported On

No interim dividend is recommended for the current first half-year ended 30 June 2024.

(b) Corresponding Period of the Immediately Preceding Financial Year

No interim dividend was recommended for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

(e) Dividend Declaration

The Group's practice is to consider declaring dividend on an annual basis. Therefore, there was no interim dividend declared for the first half-year ended 30 June 2024.

6. 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.

7. 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.

8. NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS UNDER SGX LISTING RULE 705(5) OF THE LISTING MANUAL

The directors confirm that, to the best of their knowledge, nothing has come to attention of the Board of Directors which may render the unaudited interim financial results for the first half-year ended 30 June 2024 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

13 August 2024