



HOTEL ROYAL LIMITED

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

1 UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the fourth quarter and financial year ended 31 December 2018.

1(a) GROUP PROFIT AND LOSS STATEMENT for the fourth quarter and financial year ended 31 December

	Notes	<u>Group</u>					
		<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
		<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>	<u>2018</u>	<u>2017</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	14,639	15,490	(5.5)	60,080	61,483	(2.3)
Cost of sales	2	(8,677)	(9,355)	(7.2)	(29,836)	(30,326)	(1.6)
Gross profit		5,962	6,135	(2.8)	30,244	31,157	(2.9)
Other income	3	223	639	(65.1)	954	1,941	(50.9)
Distribution costs	4	414	67	>100	(1,218)	(1,126)	8.2
Administrative expenses	5	(2,028)	(1,245)	62.9	(12,815)	(12,892)	(0.6)
Other expenses	6	(940)	(2,899)	(67.6)	(2,625)	(3,382)	(22.4)
Finance cost	7	(933)	(1,150)	(18.9)	(4,228)	(4,498)	(6.0)
Profit before income tax	8	2,698	1,547	74.4	10,312	11,200	(7.9)
Income tax expense	9	(459)	(1,333)	(65.6)	(3,370)	(3,629)	(7.1)
Profit for the year attributable to owners of the Company		2,239	214	>100	6,942	7,571	(8.3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the fourth quarter and financial year ended 31 December

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit for the year	2,239	214	6,942	7,571
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net fair value gain on financial assets at Fair Value Through Other Comprehensive Income	(218)	-	(208)	-
Re-measurement of defined benefit obligation	(8)	(18)	10	(18)
Increase in valuation of freehold land - hotels	43,336	10,295	43,336	10,295
Deferred tax relating to revaluation on freehold land	-	97	-	97
Total	43,110	10,374	43,138	10,374
<i>Items that may be reclassified subsequently to profit or loss</i>				
Available-for-sale investments:				
Fair value gain recognized in fair value reserve	-	1,582	-	2,321
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	-	(1,281)	-	(689)
Exchange differences on translation of foreign operations	1,042	11	33	90
Total	1,042	312	33	1,722
Other comprehensive income for the year, net of tax	44,152	10,686	43,171	12,096
Total comprehensive income for the year attributable to owners of the Company	46,391	10,900	50,113	19,667

	<u>Group</u>					
	<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Room revenue	8,582	9,128	(6.0)	36,502	36,184	0.9
Food and beverage revenue	2,186	2,475	(11.7)	9,422	9,840	(4.2)
Spa revenue	247	311	(20.6)	1,218	1,281	(4.9)
Rental income from:						
Investment properties	1,916	2,218	(13.6)	7,689	8,769	(12.3)
Other properties	726	740	(1.9)	2,904	2,973	(2.3)
Car park revenue	333	318	4.7	1,217	1,297	(6.2)
Interest income	18	8	>100	69	67	3.0
Dividend income from:						
Quoted equity investments	66	89	(25.8)	371	408	(9.1)
Unquoted	-	-		44	40	10.0
Others	565	203	>100	644	624	3.2
Total	14,639	15,490	(5.5)	60,080	61,483	(2.3)

Room revenue

Group room revenue decreased by 6.0% for fourth quarter and remained constant for financial year ended 31 December 2018 respectively as compared to corresponding periods in 2017. Fourth quarter was weaker than expected for our hotels in Thailand.

Food and beverage revenue

The decrease in food and beverage revenue for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 was mainly due to lower breakfast sales for tour groups in some of the Group's hotels.

Rental income from investment properties

The decrease in rental income from investment properties for fourth quarter and financial year ended 31 December 2018 as compared to corresponding period in 2017 was mainly due to lower occupancy in New Zealand properties.

2. Cost of sales

The decrease in cost of sales for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 was mainly due to better costs control and lower breakfast sales in the Group's hotels.

3. Other income

Other income comprises of gain on disposal of available-for-sale investments, foreign exchange gain, miscellaneous other income, fair value gain on financial assets at fair value through profit or loss (2017: held-for-trading investments), write back of allowance for doubtful receivables no longer required.

The decrease in other income for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 was mainly due to lower miscellaneous other income, lower other income from write back of allowance for doubtful receivables no longer required, absence of gains from disposal of available-for-sale investments and fair value gain on financial assets at fair value through profit or loss (2017: held-for-trading investments).

4. Distribution costs

The increase in distribution costs for financial year ended 31 December 2018 as compared to financial year ended 31 December 2017 was mainly due to higher sales commission expenses.

5. Administrative expenses

The administrative expenses remained constant for financial year ended 31 December 2018 and increased for fourth quarter 2018 as compared to corresponding periods in 2017 was mainly due to higher overhead expenses.

6. Other expenses

Other expenses comprise of miscellaneous other expenses, foreign exchange loss, bad debt expenses, impairment loss on available-for-sale investments, allowance for doubtful receivables and impairment loss on leasehold land and building.

The decrease in other expenses for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 was mainly due to absence of impairment loss on leasehold land and building, absence of foreign exchange loss and lower bad debt expense offset by higher fair value loss on financial assets at fair value through profit or loss (2017: on held-for-trading investments).

7. Finance cost

The decrease in finance costs for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 was mainly due to bank loan repayments.

8. Profit before income tax

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

	Group					
	Fourth Quarter Ended 31 Dec			Financial Year Ended 31 Dec		
	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	1,633	2,531	(35.5)	8,680	9,023	(3.8)
Impairment loss on available-for-sale investments	-	2	(100.0)	-	16	(100.0)
Impairment loss on leasehold land and building	-	775	(100.0)	-	775	(100.0)
Allowance for doubtful receivables	66	75	(12.0)	70	77	(9.1)
Write back of allowance for doubtful receivable no longer required	(87)	(136)	(36.0)	(87)	(150)	(42.0)
Bad debt expense	4	77	(94.8)	4	33	(87.9)
Fair value loss on financial assets at fair value through profit or loss	159	-	100.0	433	-	100.0
Fair value loss (gain) on held-for-trading investments	-	36	(100.0)	-	(46)	(100.0)
Net foreign exchange adjustment gain	(17)	(340)	(95.0)	(276)	(157)	75.8
Gain on disposal of available-for-sale investments	-	(82)	(100.0)	-	(689)	(100.0)
(Gain) Loss on disposal of property, plant and equipment	(17)	8	n.m.	(21)	12	n.m.

Depreciation

The decrease in depreciation for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 was mainly due to some fully-depreciated plant and equipment in a Singapore hotel and non-depreciation of a Malaysia hotel building that is currently closed for a major upgrading.

Impairment loss on leasehold land and building

The impairment loss recognized in 2017 arose from fair value loss on an acquired property in Melaka, Malaysia.

Write back of allowance for doubtful receivables no longer required

The decrease in write back of allowance for doubtful receivables no longer required for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 was mainly due to lower reversal of doubtful debts no longer required.

Net foreign exchange adjustment gain

The Group had higher net foreign exchange adjustment gain for financial year ended 31 December 2018 as compared to financial year ended 31 December 2017 mainly due to both United States dollar and Thai Baht had strengthened against Singapore dollar.

Gain on disposal of available-for-sale investments

The absence of gain on disposal of available-for-sale investments for fourth quarter and financial year ended 31 December 2018 was mainly due to the Group's adoption of SFRS(I) 9 to recognize its disposal gain into other comprehensive income with effect from 1 January 2018.

9. Income tax expense

Income tax expense as a percentage of pre-tax profit decreased for fourth quarter and financial year ended 31 December 2018 as compared to corresponding periods in 2017 mainly due to lower deferred tax expense recognized in the New Zealand subsidiary.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 18</u>	<u>31 Dec 17</u> <u>(Restated)</u>	<u>31 Dec 18</u>	<u>31 Dec 17</u> <u>(Restated)</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	29,269	18,328	15,654	1,464
Held-for-trading investments	11	-	7,706	-	1,272
Financial assets at fair value through profit or loss	11	2,987	-	978	-
Available-for-sale investments	12	-	9,053	-	2,086
Financial assets at fair value through other comprehensive income	12	5,623	-	1,540	-
Trade receivables	13	3,083	3,542	978	1,288
Other receivables, deposits and prepaid expenses		1,458	1,449	101	107
Inventories		1,092	861	240	108
Tax recoverable		3	11	-	-
Total current assets		<u>43,515</u>	<u>40,950</u>	<u>19,491</u>	<u>6,325</u>
Non-current assets					
Deferred tax assets		-	-	-	-
Subsidiaries		-	-	184,315	180,585
Available-for-sale investments	12	-	4,268	-	1,186
Financial assets at fair value through other comprehensive income	12	19,849	-	17,066	-
Other assets		543	830	-	-
Goodwill		1,920	1,875	-	-
Property, plant and equipment	14	647,679	605,718	265,498	245,610
Investment properties	15	93,887	91,222	23,253	23,638
Total non-current assets		<u>763,878</u>	<u>703,913</u>	<u>490,132</u>	<u>451,019</u>
Total assets		<u>807,393</u>	<u>744,863</u>	<u>509,623</u>	<u>457,344</u>
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	16	7,875	16,929	-	-
Trade payables	17	3,987	3,274	1,726	2,021
Other payables		6,185	5,964	3,713	2,515
Income tax payable		2,716	2,564	1,618	1,444
Total current liabilities		<u>20,763</u>	<u>28,731</u>	<u>7,057</u>	<u>5,980</u>
Non-current liabilities					
Other payables	18	49	1,733	32,281	23,890
Retirement benefit obligations		772	773	-	-
Long-term bank loans	16	97,158	135,842	27,498	74,064
Deferred tax liabilities		19,301	19,450	989	750
Total non-current liabilities		<u>117,280</u>	<u>157,798</u>	<u>60,768</u>	<u>98,704</u>

1(b)(i) STATEMENTS OF FINANCIAL POSITION (Continued)

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 18</u>	<u>31 Dec 17</u> <u>(Restated)</u>	<u>31 Dec 18</u>	<u>31 Dec 17</u> <u>(Restated)</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Capital and reserves					
Share capital	19	150,665	100,438	150,665	100,438
Asset revaluation reserve	20	407,913	364,577	234,208	213,108
Employee benefit reserve		190	180	-	-
Fair value reserve	21	16,755	3,707	15,608	759
Translation reserve		123	90	-	-
Retained earnings		93,704	89,342	41,317	38,355
Total equity		<u>669,350</u>	<u>558,334</u>	<u>441,798</u>	<u>352,660</u>
Total liabilities and equity		<u>807,393</u>	<u>744,863</u>	<u>509,623</u>	<u>457,344</u>

Notes

10. Cash and bank balances

The increase in cash and bank balances was mainly due to net proceeds of S\$50.227 million and S\$7.1 million received from the Group's rights issue and investments disposals respectively, offset by bank loan repayments and also lower rental income in New Zealand properties.

11. Financial assets at fair value through profit or loss (2017: Held-for-trading investments)

The decrease was mainly due to disposal of investments.

12. Financial assets at fair value through other comprehensive income (2017: Available-for-sale investments)

Financial assets at fair value through other comprehensive income (2017: Available-for-sale investments) consist of current and non-current portion.

The decrease in current portion was mainly due to disposal of investments and fair value loss arising from weakened stock market conditions.

The increase in non-current portion was mainly due to adjustments to the carrying amount of unquoted equity on adoption of SFRS(I) 9.

13. Trade receivables

The decrease in trade receivables was mainly due to prompt debt collections and also lower rental income in New Zealand properties.

14. Property, Plant and Equipment

The increase in property, plant and equipment was mainly due to freehold land revaluation gain in some of the Group's hotels.

15. Investment properties

The increase in investment properties was mainly due to additional investment building capitalized in New Zealand subsidiary, offset by translation loss arising from weakened New Zealand dollar against Singapore dollar.

16. Bank loans

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

The decrease in current bank loans was mainly due to reclassification from short-term bank loan to long-term bank loan for the renewed long-term bank loan facility in a Malaysia hotel and bank loan repayments made in some of the Group's hotels, while the decrease in long-term bank loans was mainly due to bank loan repayments made by the Company.

17. Trade payables

The increase in trade payables was mainly due to additional purchase of inventories and also better control over payments to trade creditors.

18. Other payables (Non-current liabilities)

The decrease in other payables (non-current liabilities) was mainly due to the additional balance payable had become currently due for the transaction as mentioned below.

Baba Residences Sdn Bhd, a subsidiary of the Group, had entered into three-year tenancy agreement with Riaplan Sdn Bhd on 6 February 2017. Baba Residences Sdn Bhd has an option to purchase the property or purchase the entire issued and paid up share capital of Riaplan Sdn Bhd for RM 15 million on 31 December 2018. The advance rental and rental deposits paid by Baba Residences Sdn Bhd amounting to RM 10 million will form part of the purchase consideration. An additional RM5 million will be payable to complete the transaction.

A Sale and Purchase Agreement for the purchase of the property was entered with Riaplan Sdn Bhd on 31 December 2018. An application to the State Authority for the land transfer to Baba Residences Sdn Bhd is pending approval.

19. Share capital

The increase in share capital was mainly due to S\$50.227 million net amount raised from the Company's successful rights issue of 16.8 million new ordinary shares at S\$3 each, on the basis of one right share for every five ordinary shares, in July 2018.

20. Asset revaluation reserve

The increase in asset revaluation reserve was mainly due to the fair value gain on freehold lands in some of the Group's hotels, especially for the two Singapore hotels.

21. Fair value reserve

The increase in fair value reserve was mainly due to adjustments to the carrying amount of unquoted equity on adoption of SFRS(I) 9.

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 2018</u>		<u>As at 31 Dec 2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
7,875	-	16,929	-

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

<u>As at 31 Dec 2018</u>		<u>As at 31 Dec 2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
97,158	-	135,842	-

Details of collaterals

The bank borrowings are secured by mortgages of some 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 fourth quarter and financial year ended 31 December**

	Group			
	<u>Fourth Quarter Ended</u>		<u>Financial Year Ended</u>	
	<u>31 Dec</u>		<u>31 Dec</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Operating activities:				
Profit before income tax	2,698	1,547	10,312	11,200
Adjustments for:				
Depreciation expense	1,633	2,531	8,680	9,023
Dividend income	(66)	(89)	(415)	(448)
Interest income	(18)	(8)	(69)	(67)
Interest expense	933	1,150	4,228	4,498
Gain on disposal of available-for-sale investments	-	(82)	-	(689)
Fair value loss (gain) on held-for-trading investments	-	36	-	(46)
Fair value loss on financial assets at fair value through profit or loss	159	-	433	-
Allowance for doubtful receivables	66	75	70	77
Write back of allowance for doubtful receivables no longer required	(87)	(136)	(87)	(150)
Bad debt expense	4	77	4	33
Impairment loss on available-for sale investment	-	2	-	16
Impairment loss on land and building	-	775	-	775
(Gain) Loss on disposal of property, plant and equipment	(17)	8	(21)	12
	<u>5,305</u>	<u>5,886</u>	<u>23,135</u>	<u>24,234</u>
Operating cash flows before movements in working capital				
Available-for-sale investments	-	(245)	-	-
Financial assets at fair value through other comprehensive income	(553)	-	(10)	-
Held-for-trading investments	-	59	-	(1,392)
Financial assets at fair value through profit or loss	3,885	-	4,286	-
Trade and other receivables	(154)	506	777	408
Inventories	(186)	83	(232)	(91)
Trade and other payables	1,579	177	(797)	2,022
	<u>9,876</u>	<u>6,466</u>	<u>27,159</u>	<u>25,181</u>
Cash generated from operations				
Interest paid	(933)	(1,150)	(4,228)	(4,498)
Interest received	18	8	69	67
Dividend received	66	89	415	448
Income tax paid – net of refund	(823)	(859)	(2,938)	(3,385)
	<u>8,204</u>	<u>4,554</u>	<u>20,477</u>	<u>17,813</u>
Net cash generated from operating activities				

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

	Group			
	Fourth Quarter Ended		Financial Year Ended	
	31 Dec		31 Dec	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
Investing activities:				
Purchase of available-for-sale investments	(235)	(70)	(4,608)	(2,858)
Proceeds from disposal of available-for-sale investments	3,543	63	7,136	3,396
Proceeds from disposal of property, plant & equipment	(21)	64	76	100
Purchase of property, plant and equipment	(1,370)	(1,952)	(3,693)	(9,217)
Addition of investment properties	(2,515)	(719)	(5,845)	(899)
Net cash used in investing activities	(598)	(2,614)	(6,934)	(9,478)
Financing activities:				
Proceeds from bank loans	-	-	3,000	8,761
Repayment of bank loans	890	(1,562)	(51,556)	(9,044)
Fixed deposit pledged to banks	-	(448)	-	(448)
Repayment of finance lease	-	-	-	(42)
Proceeds from rights issue	-	-	50,227	-
Dividends paid	-	-	(4,200)	(4,200)
Net cash from (used in) financing activities	890	(2,010)	(2,529)	(4,973)
Net increase (decrease) in cash and cash equivalents	8,496	(70)	11,014	3,362
Cash and cash equivalents at beginning of period	20,854	17,128	17,248	14,089
Effect of currency exchange adjustment	(1,161)	190	(73)	(203)
Cash and cash equivalents at end of period	28,189	17,248	28,189	17,248

Cash and cash equivalents consist of:

	Group	
	<u>31 Dec</u>	<u>31 Dec</u>
	<u>2018</u>	<u>2017</u>
	<u>SS'000</u>	<u>SS'000</u>
Cash on hand	174	166
Cash at bank	15,632	16,462
Fixed deposits	13,463	1,700
	29,269	18,328
Less: Fixed deposits pledged	(1,080)	(1,080)
Total	28,189	17,248

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

The Group	<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>
Balance at 1 January 2017	100,438	354,185	198	2,075	(12,960)	98,931	542,867
Effect of adoption of SFRS(I) 1	-	-	-	-	12,960	(12,960)	-
Adjusted balance at 1 January 2017	100,438	354,185	198	2,075	-	85,971	542,867
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	7,357	7,357
Other comprehensive income (loss) for the period	-	-	-	1,331	79	-	1,410
Total	-	-	-	1,331	79	7,357	8,767
Transactions with owners, Recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Balance at 30 September 2017	100,438	354,185	198	3,406	79	89,128	547,434
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	214	214
Other comprehensive profit (loss) for the period	-	10,392	(18)	301	11	-	10,686
Total	-	10,392	(18)	301	11	214	10,900
Balance at 31 December 2017	100,438	364,577	180	3,707	90	89,342	558,334

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

The Group	<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>
Balance at 1 January 2018	100,438	364,577	180	3,707	90	89,342	558,334
Effect of adoption of SFRS(I) 9	-	-	-	14,084	-	792	14,876
Adjusted balance at 1 January 2018	100,438	364,577	180	17,791	90	90,134	573,210
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	4,703	4,703
Other comprehensive income (loss) for the period	-	-	18	(617)	(1,009)	627	(981)
Total	-	-	18	(617)	(1,009)	5,330	3,722
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Rights issue	50,227	-	-	-	-	-	50,227
Total	50,227	-	-	-	-	(4,200)	46,027
Balance at 30 September 2018	150,665	364,577	198	17,174	(919)	91,264	622,959
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,239	2,239
Other comprehensive income for the period	-	43,336	(8)	(419)	1,042	201	44,152
Total	-	43,336	(8)	(419)	1,042	2,440	46,391
Balance at 31 December 2018	150,665	407,913	190	16,755	123	93,704	669,350

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

	<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>
The Company					
Balance at 1 January 2017	100,438	210,108	465	36,828	347,839
Total comprehensive income for the period					
Profit for the period	-	-	-	5,124	5,124
Other comprehensive income for the period	-	-	267	-	267
Total	-	-	267	5,124	5,391
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
Balance at 30 September 2017	100,438	210,108	732	37,752	349,030
Total comprehensive income for the period					
Profit for the period	-	-	-	603	603
Other comprehensive income for the period	-	3,000	27	-	3,027
Total	-	3,000	27	603	3,630
Balance at 31 December 2017	100,438	213,108	759	38,355	352,660

1(d)(i) STATEMENT OF CHANGES IN EQUITY (Continued)

	<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>
The Company					
Balance at 1 January 2018	100,438	213,108	759	38,355	352,660
Effect on adoption of SFRS(I) 9	-	-	14,478	398	14,876
Adjusted balance at 1 January 2018	100,438	213,108	15,237	38,753	367,536
Total comprehensive income for the period					
Profit for the period	-	-	-	4,877	4,877
Other comprehensive income for the period	-	-	65	(65)	-
Total	-	-	65	4,812	4,877
Transactions with owners, recognised directly in equity					
Dividend	-	-	-	(4,200)	(4,200)
Rights issue	50,227	-	-	-	50,227
Total	50,227	-	-	-	46,027
Balance at 30 September 2018	150,665	213,108	15,302	39,365	418,440
Total comprehensive income for the period					
Profit for the period	-	-	-	1,329	1,329
Other comprehensive income for the period	-	21,100	306	623	22,029
Total	-	21,100	306	1,952	23,358
Balance at 31 December 2018	150,665	234,208	15,608	41,317	441,798

1(d)(ii) SHARE CAPITAL

	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
Issue and paid-up capital:				
Balance at beginning of period	84,000	84,000	100,438	100,438
Issue of new ordinary shares under rights issue	16,800	-	50,227	-
Balance at end of period	<u>100,800</u>	<u>84,000</u>	<u>150,665</u>	<u>100,438</u>

With the successful rights issue of 16.8 million new ordinary shares at S\$3 each, on the basis of one right share for every five ordinary shares, by the Company in July 2018, the total number of issued ordinary shares of the Company had increased from 84 million ordinary shares to 100.8 million ordinary shares and the paid-up capital had increased from S\$100.438 million to S\$150.665 million.

Use of the Rights Issue's Proceeds

	<u>S\$'000</u>
Total rights issue proceeds	50,227
* Less Utilisation:	
3Q 2018	(45,242)
4Q 2018	<u>Nil</u>
Balance unutilized as at 31 December 2018	<u><u>4,985</u></u>

*S\$44.7 million was utilized to repay part of the Company's bank borrowings and a further amount of S\$0.542 million was utilized for the major upgrading and purchase of the Baba House.

S\$4 million was placed in short term fixed deposit and S\$0.985 million was set aside for working capital.

1(d)(iii) TREASURY SHARES

There were 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 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 financial statements for the current financial period have not been audited or reviewed by the Company's auditors.

3 AUDITORS' REPORT

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 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which effective for annual financial periods beginning on or after 1 January 2018.

On transition to SFRS(I), the Group elected the following options:

(i) To reset the translation reserve to zero on 1 January 2017, and accordingly, has reclassified an amount of S\$12.960 million from translation reserve to the opening retained earnings as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

(ii) In compliance with SFRS(I) 9 *Financial Instruments*, the Group elected the option at initial recognition, to measure equity investments that is not held-for-trading at fair value through other comprehensive income ("FVTOCI"), which only dividend income recognized in profit or loss and not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. For quoted financial assets held at FVTOCI, the effect on adoption of SFRS(I) 9 has resulted in a decrease of S\$0.792 million and S\$0.398 million respectively in fair value reserve and a corresponding increase in retained earnings of the Group and of the Company as at 1 January 2018. For unquoted financial assets held at FVTOCI, the difference in the carrying amount of S\$14.876 million on the adoption of SFRS(I) 9 is recognised in fair value reserve as at 1 January 2018

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 except as those stated in paragraph 4.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial year Ended 31 Dec</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	2.42 cents	0.25 cents	7.52 cents	8.88 cents
- on a fully diluted basis	2.42 cents	0.25 cents	7.52 cents	8.88 cents

Basic earnings per share is calculated based on the Group's profit for fourth quarter and financial year ended 31 December 2018 of S\$2.239 million and S\$6.942 million respectively (2017: S\$0.214 million and S\$7.571 million respectively) after income tax expense divided by weighted average number of 92.345 million (2017: 85.292 million) ordinary shares, which has been adjusted to reflect the effects of rights issue in July 2018.

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

7 NET ASSET VALUE (NAV)

	<u>Group</u>		<u>Company</u>	
	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$6.64	S\$6.65	S\$4.38	S\$4.20

The NAV per share as at 31 December 2018 and 31 December 2017 were calculated based on the number of shares in issue of 100.8 million (2017: 84 million) ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Fourth quarter 2018 vs. Fourth quarter 2017

The Group's revenue for fourth quarter 2018 decreased by 5.5% or S\$0.851 million to S\$14.639 million from S\$15.490 million in 2017. This was mainly due to lower room revenue, lower food and beverage revenue and lower rental income from investment properties.

The Group's profit after income tax for fourth quarter 2018 rose by 946.3% or S\$2.025 million as compared to fourth quarter 2017 mainly due to lower income tax expense and lower operating expenses.

Financial year ended 2018 vs. Financial year ended 2017

The Group's revenue for financial year ended 31 December 2018 decreased by 2.3% or S\$1.403 million to S\$60.080 million from S\$61.483 million in 2017. This was mainly due to lower rental income from investment properties and lower food and beverage revenue.

The Group's profit after income tax for financial year ended 31 December 2018 decreased by 8.3% or S\$0.629 million to S\$6.942 million from S\$7.571 million in 2017. This was mainly due to lower revenue and lower other income.

In the opinion of the Directors, no transaction has arisen between 31 December 2018 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

The Group will continue to closely monitor its room occupancy and room rates, enhance customer experiences, upgrade hotel properties and explore more investment opportunities, in order to maximize shareholders' income and enlarge its market share.

The Group is actively upgrading its investment properties in New Zealand so as to maximize rental income.

The Group's managed fund portfolio will continue to be affected by Global economy slowdown, Brexit uncertainty, geopolitical and trade tensions.

In addition to the above, the Group's profitability will 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 2018:

First and Final Dividend

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	5 cents per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

Special Dividend

Name of Dividend	Special
Dividend Type	Cash
Dividend rate	1 cent per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

First and Final Dividend

The following dividend was declared for the financial year ended 31 December 2017:

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	5 cents per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

(c) Date payable

To be announced.

(d) Books closure date

To be announced.

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>2018</u> <u>S\$'000</u>	<u>2017</u> <u>S\$'000</u>	<u>2018</u> <u>S\$'000</u>	<u>2017</u> <u>S\$'000</u>	<u>2018</u> <u>S\$'000</u>	<u>2017</u> <u>S\$'000</u>
Hotel operation						
Singapore	25,348	25,462	-	-	25,348	25,462
Malaysia	9,000	8,741	-	-	9,000	8,741
Thailand	16,842	17,187	-	-	16,842	17,187
	51,190	51,390	-	-	51,190	51,390
Property investment						
Singapore	1,118	1,397	112	117	1,230	1,514
New Zealand	6,282	7,270	-	-	6,282	7,270
Malaysia	1,006	911	-	-	1,006	911
	8,406	9,578	112	117	8,518	9,695
Financial investment	484	515	1,475	1,426	1,959	1,941
Total	60,080	61,483	1,587	1,543	61,667	63,026

II. Net profit

	Net profit(loss) for the year	
	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation		
Singapore	7,111	6,612
Malaysia	(628)	(1,767)
Thailand	4,118	4,614
	<hr/>	<hr/>
	10,601	9,459
	<hr/>	<hr/>
Property investment		
Singapore	753	1,092
New Zealand	2,283	3,632
Malaysia	828	658
	<hr/>	<hr/>
	3,864	5,382
	<hr/>	<hr/>
Financial investment	75	857
	<hr/>	<hr/>
Total	14,540	15,698
Finance cost	(4,228)	(4,498)
	<hr/>	<hr/>
Profit before income tax	10,312	11,200
Income tax expense	(3,370)	(3,629)
	<hr/>	<hr/>
Profit after income tax	6,942	7,571
	<hr/>	<hr/>

III. Segment assets and liabilities

	Segment assets		Segment liabilities	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	512,732	457,830	2,416	3,541
Malaysia	58,473	58,201	3,107	2,273
Thailand	107,565	107,029	3,325	3,401
	<hr/>	<hr/>	<hr/>	<hr/>
	678,770	623,060	8,848	9,215
	<hr/>	<hr/>	<hr/>	<hr/>
Property investment				
Singapore	26,724	27,166	174	166
New Zealand	59,718	59,348	1,067	523
Malaysia	11,407	11,584	835	318
	<hr/>	<hr/>	<hr/>	<hr/>
	97,849	98,098	2,076	1,007
	<hr/>	<hr/>	<hr/>	<hr/>
Financial investment	29,046	21,994	20	20
	<hr/>	<hr/>	<hr/>	<hr/>
Total	805,665	743,152	10,944	10,242
Unallocated items	1,728	1,711	127,099	176,287
	<hr/>	<hr/>	<hr/>	<hr/>
Consolidated total	807,393	744,863	138,043	186,529
	<hr/>	<hr/>	<hr/>	<hr/>

IV. Other segment information

	Depreciation		Additions to non-current assets	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	3,023	3,210	775	938
Malaysia	2,119	2,177	2,298	7,774
Thailand	2,267	2,342	620	505
	<hr/>	<hr/>	<hr/>	<hr/>
	7,409	7,729	3,693	9,217
	<hr/>	<hr/>	<hr/>	<hr/>
Property investment				
Singapore	444	444	-	-
New Zealand	646	676	5,845	897
Malaysia	181	174	-	2
	<hr/>	<hr/>	<hr/>	<hr/>
	1,271	1,294	5,845	899
	<hr/>	<hr/>	<hr/>	<hr/>
Financial investment	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,680	9,023	9,538	10,116
	<hr/>	<hr/>	<hr/>	<hr/>

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	26,904	27,364	513,957	482,587
Malaysia	10,033	9,662	89,710	67,167
New Zealand	6,289	7,270	56,577	53,539
Thailand	16,854	17,187	103,634	100,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total	60,080	61,483	763,878	703,913
	<hr/>	<hr/>	<hr/>	<hr/>

13 REVIEW OF SEGMENT PERFORMANCE

The net profit for hotel operation segment increased by 12.1% or S\$1.142 million from S\$9.459 million in 2017 to S\$10.601 million in 2018. This was mainly due to higher contributions from Singapore hotels offset by lower performance in both Malaysia and Thailand hotels.

The net profit for property investment segment decreased by 28.2% or S\$1.518 million from S\$5.382 million in 2017 to S\$3.864 million in 2018. This was mainly due to lower contributions from both Singapore and New Zealand properties offset by better performance in Malaysia properties.

The net profit for financial investment decreased by 91.2% or S\$0.782 million from S\$0.857 million in 2017 to S\$0.075 million in 2018. This was mainly due to absence of gain on disposal of available-for-sale investments offset by higher dividend income.

14 BREAKDOWN OF SALES

	<u>Group</u>		<u>Increase</u>
	<u>2018</u>	<u>2017</u>	<u>%</u>
	<u>S\$'000</u>	<u>S\$'000</u>	
<u>Revenue reported for:</u>			
1 st Quarter	16,689	16,166	3.2
2 nd Quarter	13,945	14,127	(1.3)
3 rd Quarter	14,807	15,700	(5.7)
4 th Quarter	14,639	15,490	(5.5)
	<hr/>	<hr/>	<hr/>
Total	60,080	61,483	(2.3)
	<hr/>	<hr/>	<hr/>
<u>Profit for the year attributable to equity holders of the Company:</u>			
1 st Quarter	2,529	3,185	(20.6)
2 nd Quarter	580	1,284	(54.8)
3 rd Quarter	1,594	2,888	(44.8)
4 th Quarter	2,239	214	>100
	<hr/>	<hr/>	<hr/>
Total	6,942	7,571	(8.3)
	<hr/>	<hr/>	<hr/>

15 TOTAL ANNUAL DIVIDEND PAID

	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Ordinary		
Interim	-	-
Final	4,200	4,200
	<hr/>	<hr/>
	4,200	4,200
	<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 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.

18 SUBSEQUENT EVENT

On 19 February 2019, the Company disclosed that it had offered to purchase the 400-room Hotel Royale Chulan Bukit Bintang for total consideration of RM197 million (about S\$65.45 million) from Boustead Hotels & Resorts Sdn Bhd (“Boustead”).

Boustead had accepted the Company’s offer on 19 February 2019.

The Company is in the process of conducting the various due diligence and drafting of the Sale and Purchase Agreement.

A copy of the Company’s announcement can be located at

https://links.sgx.com/FileOpen/Announcement_Proposed_Acquisition_of_Royale_Chulan_Bukit_Bintang.ashx?App=Announcement&FileID=544663

and

https://links.sgx.com/FileOpen/Announcement_SGX_Approval_Letter.ashx?App=Announcement&FileID=544664

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)	66	Nephew of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	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	74	Sister of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	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)	40	Son of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	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.	Nil

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)	36	Son of Mr. Lee Chou Hock, CEO and grand-nephew of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	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

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

28 February 2019