



# 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 2014

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 2014.

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

	<u>Notes</u>	<u>Group</u>					
		<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
		<u>2014</u>	<u>2013</u>	<u>+ / (-)</u>	<u>2014</u>	<u>2013</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	16,037	12,606	27.2	56,687	51,208	10.7
Cost of sales	2	(7,671)	(6,872)	11.6	(26,683)	(25,207)	5.8
Gross profit		8,366	5,734	45.9	30,004	26,001	15.4
Other income	3	2,917	1,532	90.4	3,561	2,956	20.5
Distribution costs	4	(395)	(255)	54.9	(1,291)	(714)	80.8
Administrative expenses	4	(3,596)	(1,966)	82.9	(11,805)	(9,841)	20.0
Other expenses	5	(2,440)	(1,860)	31.2	(2,575)	(2,069)	24.5
Finance cost	6	(1,052)	(738)	42.5	(3,627)	(3,003)	20.8
Profit before income tax	7	3,800	2,447	55.3	14,267	13,330	7.0
Income tax expense	8	(981)	(1,598)	(38.6)	(3,089)	(3,688)	(16.2)
Profit for the year attributable to owners of the Company		2,819	849	>100.0	11,178	9,642	15.9

**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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit for the period	2,819	849	11,178	9,642
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in valuation of freehold land - hotels	22,108	119,942	22,108	119,942
Remeasurement of defined benefit obligation	-	171	-	171
Income tax relating components of other comprehensive income that will not be reclassified subsequently	(113)	(617)	(113)	(617)
<b>Total</b>	<b>21,995</b>	<b>119,496</b>	<b>21,995</b>	<b>119,496</b>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value gain recognised in fair value reserve	561	177	236	(2)
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	(81)	11	232	229
Net fair value changes on available-for sale financial assets	480	188	468	227
Exchange differences arising on consolidation	2,477	(493)	624	(480)
<b>Total</b>	<b>2,957</b>	<b>(305)</b>	<b>1,092</b>	<b>(253)</b>
<b>Other comprehensive income for the period</b>	<b>24,952</b>	<b>119,191</b>	<b>23,087</b>	<b>119,243</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>27,771</b>	<b>120,040</b>	<b>34,265</b>	<b>128,885</b>

## Notes

### 1. Revenue

Revenue comprises the following:

	<u>Group</u>					
	<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
	<u>2014</u>	<u>2013</u>	<u>+ / (-)</u>	<u>2014</u>	<u>2013</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	9,845	7,870	25.1	34,477	31,720	8.7
Food and beverage revenue	2,302	1,860	23.8	8,469	7,503	12.9
Spa revenue	241	-	<i>n.m.</i>	424	-	<i>n.m.</i>
Rental income from:						
Investment properties	2,433	1,701	43.0	8,515	7,195	18.3
Other properties	685	675	1.5	2,788	2,680	4.0
Car park revenue	306	305	0.3	1,256	1,204	4.3
Interest income from outside	87	72	20.8	193	203	(4.9)
Dividend income from:						
Quoted equity investments	83	65	27.7	406	340	19.4
Unquoted	-	-	<i>n.m.</i>	28	24	16.7
Others	55	58	(5.2)	131	339	(61.4)
Total	16,037	12,606	27.2	56,687	51,208	10.7

#### ***Room revenue***

Group room revenue for fourth quarter and financial year ended 31 December 2014 increased by 25.1% and 8.7% respectively as compared to the corresponding periods in 2013. This was mainly due to additional revenue from the newly acquired Burasari Resort in July 2014 and upward adjustment of room rates in Malaysia hotels. The increase was offset by lower occupancy and lower room rates in Singapore hotels due to slow down in tourist arrivals and more room inventory coming on-stream.

#### ***Food and beverage revenue***

The increase in food and beverage revenue for the fourth quarter and financial year ended 31 December 2014 as compared to the corresponding periods in 2013 was mainly due to additional contributions from the newly acquired Burasari Resort and higher banquet sales from a Malaysia hotel offset by lower breakfast sales from a Singapore hotel.

#### ***Spa revenue***

The spa revenue for the fourth quarter and financial year ended 31 December 2014 was mainly due to additional contributions from the newly acquired Burasari Resort.

#### ***Rental income from investment properties***

Rental income from investment properties for fourth quarter and financial year ended 31 December 2014 increased by 43.0% and 18.3% respectively as compared to corresponding periods in 2013. This was mainly due to increased occupancy for New Zealand, Singapore and Malaysia properties.

**2. Cost of sales**

The increase in cost of sales for fourth quarter and financial year ended 31 December 2014 as compared to corresponding periods in 2013 was mainly due to additional cost from the newly acquired Burasari Resort and higher sales in Malaysia hotels.

**3. Other income**

Other income comprises mainly foreign exchange gain, gain on disposal of available-for-sale investments, fair value gain from held-for-trading investments and write back of allowance for doubtful receivables no longer required.

The increase in other income for the fourth quarter and financial year ended 31 December 2014 as compared to corresponding periods in 2013 was mainly due to higher other income relating to write back of allowance for doubtful receivables no longer required amounting to S\$0.712 million by a Thailand subsidiary and the New Zealand subsidiary. The increase was also due to higher foreign exchange gain.

**4. Distribution costs and administrative expenses**

The increase in distribution costs and administrative expenses for fourth quarter and financial year ended 31 December 2014 as compared to the corresponding periods in 2013 was mainly due to additional expenses from Burasari Resort which was acquired in July 2014 and higher overhead expenses incurred by Malaysia hotels.

**5. Other expenses**

Other expenses comprise mainly foreign exchange loss, allowance for doubtful receivables, bad debts and impairment loss on available-for-sale investments.

The increase in other expenses for fourth quarter and financial year ended 31 December 2014 as compared to the corresponding periods in 2013 was mainly due to higher other expenses relating to loss from disposal of property, plant and equipment by the newly acquired Burasari Resort amounting to S\$0.362 million (THB 9.293 million) offset by lower allowance for doubtful receivables.

**6. Finance cost**

The increase in finance costs for fourth quarter and financial year ended 31 December 2014 as compared to corresponding periods in 2013 was mainly due to increase in Group's borrowings from the acquisition of Burasari Resort in July 2014.

## 7. Profit before income tax

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

	<u>Group</u>					
	<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
	<u>2014</u>	<u>2013</u>	<u>+ / (-)</u>	<u>2014</u>	<u>2013</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	2,318	1,435	61.5	6,753	5,369	25.8
Impairment loss on available-for-sale investments	60	-	<i>n.m.</i>	145	55	<i>&gt;100.0</i>
Allowance for doubtful receivables	151	508	(70.3)	201	578	(65.2)
Bad debt written off	29	-	<i>n.m.</i>	29	-	<i>n.m.</i>
Write back of allowance for doubtful receivables	(674)	(114)	<i>&gt;100.0</i>	(712)	(114)	<i>&gt;100.0</i>
Bad debt recovered	(12)	-	<i>n.m.</i>	(12)	-	<i>n.m.</i>
Fair value loss (gain) on held-for-trading investments	24	(40)	<i>n.m.</i>	(110)	(102)	7.8
Net foreign exchange adjustment (gain) loss	(125)	536	<i>n.m.</i>	(155)	367	<i>n.m.</i>
Loss (gain) on disposal of available-for-sale investments	81	(11)	<i>n.m.</i>	(232)	(229)	1.3
Write back of past years' impairment loss on investment property	-	(684)	<i>n.m.</i>	-	(684)	<i>n.m.</i>
Allowance for diminution in value of unquoted investment	-	270	<i>n.m.</i>	-	270	<i>n.m.</i>

*n.m.*: not meaningful

### *Depreciation*

The increase in depreciation expense was mainly due to the newly acquired Burasari Resort. The increase was also due to renovation and upgrading works for Hotel Royal (Newton), Hotel Royal Kuala Lumpur and investment properties in New Zealand subsidiary.

### *Impairment loss on available-for-sale investments*

The increase for fourth quarter and financial year ended 31 December 2014 as compared to corresponding periods in 2013 arose from higher impairment loss on available-for-sale investments incurred by a Singapore subsidiary.

### *Allowance for doubtful receivables*

The decrease for fourth quarter and financial year ended 31 December 2014 as compared to corresponding periods in 2013 was mainly due to absence of high doubtful debts from Thailand subsidiary which was present in 2013 offset by higher doubtful debts from the Company and New Zealand subsidiary.

### *Write back of allowance for doubtful receivables*

The increase arose from write back of doubtful debt no longer required by a Thailand subsidiary and the New Zealand subsidiary.

### *Foreign exchange adjustment (gain)loss*

The strengthening of USD against SGD resulted in foreign exchange gain from available-for-sale investments and held-for-trading investments for the fourth quarter and financial year ended 31 December 2014.

## 8. Income tax expense

The decrease in income tax expense for fourth quarter and financial year ended 31 December 2014 as compared to corresponding period in 2013 was mainly due to lower income tax expense by Singapore hotels and reversal of overprovision for New Zealand subsidiary in second quarter 2014 offset by additional income tax provision by the newly acquired Thailand subsidiary.

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

	Notes	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 14</u>	<u>31 Dec 13</u>	<u>31 Dec 14</u>	<u>31 Dec 13</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and bank balances	9	17,834	20,100	3,073	3,061
Held-for-trading investments	10	6,267	5,144	798	534
Available-for-sale investments		8,702	7,940	1,601	2,028
Trade receivables	11	5,046	4,018	1,653	1,239
Other receivables , deposits and prepaid expenses	12	2,571	2,118	339	683
Inventories	13	587	494	258	258
Tax recoverable		7	-	-	-
<b>Total current assets</b>		<u>41,014</u>	<u>39,814</u>	<u>7,722</u>	<u>7,803</u>
<b>Non-current assets</b>					
Deferred tax assets	14	104	53	-	-
Subsidiaries		-	-	142,154	97,912
Available-for-sale investments		4,323	4,024	1,413	1,348
Other assets	15	4,112	3,751	-	-
Goodwill	16	1,829	123	-	-
Property, plant and equipment	17	577,058	485,494	237,347	236,336
Investment properties		97,310	96,687	24,832	24,529
<b>Total non-current assets</b>		<u>684,736</u>	<u>590,132</u>	<u>405,746</u>	<u>360,125</u>
<b>Total assets</b>		<u>725,750</u>	<u>629,946</u>	<u>413,468</u>	<u>367,928</u>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Bank loans and overdraft	22	26,567	26,678	-	18,750
Trade payables		4,983	5,519	2,083	3,220
Other payables	18	3,922	2,949	3,728	10,737
Current portion of finance lease	19	35	12	-	-
Income tax payable	20	2,376	2,812	1,178	1,351
<b>Total current liabilities</b>		<u>37,883</u>	<u>37,970</u>	<u>6,989</u>	<u>34,058</u>

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

	Notes	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 14</u>	<u>31 Dec 13</u>	<u>31 Dec 14</u>	<u>31 Dec 13</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Non-current liabilities</b>					
Other payables		668	-	24,484	-
Retirement benefit obligations	21	541	363	-	-
Long-term bank loans	22	128,192	67,206	43,488	-
Finance lease	19	45	14	-	-
Deferred tax liabilities	23	20,481	16,518	432	432
<b>Total non-current liabilities</b>		<u>149,927</u>	<u>84,101</u>	<u>68,404</u>	<u>432</u>
<b>Capital and reserves</b>					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		339,497	317,502	206,108	206,108
Employee benefit reserve		171	171	-	-
Fair value reserve	24	3,228	2,760	642	656
Translation reserve	25	(2,097)	(2,721)	-	-
Retained earnings		96,703	89,725	30,887	26,236
<b>Total equity</b>		<u>537,940</u>	<u>507,875</u>	<u>338,075</u>	<u>333,438</u>
<b>Total liabilities and equity</b>		<u>725,750</u>	<u>629,946</u>	<u>413,468</u>	<u>367,928</u>

Notes

**9. Cash and bank balances**

The decrease in cash and bank balances was mainly due to payments made for the acquisition of Burasari Resort in July 2014 and renovation works of Hotel Royal Bangkok @ Chinatown.

**10. Held-for-trading investments**

The increase in held-for-trading investments was mainly due to higher fair value resulting from strengthening of stock market conditions.

**11. Trade receivables**

The increase was mainly due to receivables from the newly acquired Burasari Resort and higher rental income from New Zealand subsidiary and higher sales from Malaysia hotels.

**12. Other receivables, deposits and prepaid expenses**

The increase in other receivables, deposits and prepaid expenses was mainly due to the newly acquired Burasari Resort, higher prepaid insurance premium in New Zealand subsidiary and higher prepaid property taxes in Malaysia subsidiaries.

**13. Inventories**

The increase was due to additional inventories from the newly acquired Burasari Resort.

**14. Deferred tax assets**

The increase arose from the newly acquired Burasari Resort.

**15. Other assets**

Other assets comprise non-current lease incentives and prepayments.

The increase was mainly due to higher long-term deposits made by Hotel Royal Bangkok @ Chinatown offset by decrease in lease incentives in New Zealand subsidiary.

The lease incentives arose from the recognition of the rent free periods offered to tenants by the subsidiary in New Zealand. The lease incentives are amortised over the lease period.

**16. Goodwill**

The increase in goodwill arose from the acquisition of Burasari Resort in July 2014.

**17. Property, plant and equipment**

The increase was mainly due to revaluation surplus of:

- (a) S\$18 million on Hotel Royal @ Queens's freehold land;
- (b) S\$1.890 million (RM5 million) on Faber Kompleks' freehold land;
- (c) S\$0.378 million (RM1 million) on Premium Lodge's freehold land;
- (d) S\$0.360 million (THB9 million) on Panali's freehold land; and
- (e) S\$1.480 million (THB37 million) on Hotel Royal Bangkok's freehold land.

The increase was also contributed by additional costs from the newly acquired Burasari Resort in July 2014 and major upgrading and renovation works for Hotel Royal Bangkok @ Chinatown.

**18. Other payables**

Other payables consist of current and non-current.

The increase in current other payables was mainly due to higher insurance cost payable by New Zealand subsidiary and the payables of Burasari Resort.

The non-current payable arose from retention fee payable for major upgrading works in Hotel Royal Bangkok @ Chinatown.

**19. Finance lease**

Finance lease consist of current portion and non-current portion.

The increase in both current and non-current portion of finance lease was mainly due to new hire purchase of equipment by a Malaysia subsidiary offset by repayments made.

**20. Income tax payables**

The decrease was mainly due to lower sales in Singapore hotels and lower taxable profit from New Zealand subsidiary offset by additional tax provision from the newly acquired Burasari Resort.



**21. Retirement benefit obligations**

The increase was mainly due to additional retirement benefit obligations from the newly acquired Burasari Resort.

**22. Bank loans**

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

The decrease in the Group's short-term bank loans was due to restructuring of some short-term bank loans to long-term bank loans and repayments made.

The Group's long-term bank loans increased was mainly due to restructuring from some of the short-term bank loans and additional loan arising from acquisition of Burasari Resort in July 2014.

**23. Deferred tax liabilities**

The increase arose from acquisition of Burasari Resort in July 2014.

**24. Fair value reserve**

The increase was mainly due to better stock market conditions on both available for sale investments and held for trading investments.

**25. Translation reserve**

The net favourable change in translation reserve from negative S\$2.721 million as at 31 December 2013 to negative S\$2.097 million as at 31 December 2014 was mainly due to gains on translating the net assets of New Zealand subsidiary into Singapore dollar as New Zealand dollar had strengthened against Singapore dollar; offset by loss on translating the net assets of Malaysia subsidiaries and Thailand subsidiaries into Singapore dollar as both Malaysia ringgit and Thai baht had weakened against Singapore dollar.

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

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

<u>As at 31 Dec 2014</u>		<u>As at 31 Dec 2013</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
26,567	-	26,678	-

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

<u>As at 31 Dec 2014</u>		<u>As at 31 Dec 2013</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
128,192	-	67,206	-

**Details of collaterals**

The bank borrowings are secured by mortgages of the Company's and subsidiaries' freehold land and buildings and investment properties, including assignment of rental proceeds of certain investment properties of certain subsidiaries and a floating charge on all the Company's and subsidiaries' assets.

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

	<b>Group</b>			
	<b>Fourth Quarter Ended 31 Dec</b>		<b>Financial Year Ended 31 Dec</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities:</b>				
Profit before income tax	3,800	2,447	14,267	13,330
Adjustments for:				
Depreciation expense	2,318	1,435	6,753	5,369
Dividend income	(83)	(65)	(434)	(364)
Interest income	(87)	(72)	(193)	(203)
Interest expense	1,052	738	3,627	3,003
Gain on disposal of available-for-sale investments	81	(11)	(232)	(229)
Fair value gain on held-for-trading investments	24	(40)	(110)	(102)
Allowance for doubtful receivables	151	508	201	578
Bad debt written off	29	-	29	-
Write back of allowance for doubtful receivables	(674)	(114)	(712)	(114)
Bad debt recovered	(12)	-	(12)	-
Impairment loss on available-for sale investment	60	-	145	55
Gain on reversal of past years' impairment on investment property	-	(684)	-	(684)
Provision for diminution in value of unquoted investment	-	270	-	270
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	6,659	4,412	23,329	20,909
Available-for-sale investments	(648)	(25)	(351)	(97)
Held-for-trading investments	(54)	(51)	(1,013)	989
Trade receivables and other receivables	400	(1,219)	(974)	(2,219)
Inventories	502	(4)	196	41
Trade and other payables	(1,840)	850	(1,361)	738
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	5,019	3,963	19,826	20,361
Interest paid	(1,052)	(738)	(3,627)	(3,003)
Interest received	87	72	193	203
Dividend received	83	65	434	364
Income tax paid – net of refund	1,411	1,547	(2,997)	(2,793)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	5,548	4,909	13,829	15,132

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

	<u>Group</u>			
	<u>Fourth Quarter Ended</u>		<u>Financial Year Ended</u>	
	<u>31 Dec</u>		<u>31 Dec</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Investing activities:</b>				
Acquisition of Burasari Resort	90	-	(35,046)	-
Purchase of available-for-sale investments	(1,720)	(1,826)	(5,715)	(7,520)
Proceeds from disposal of property, plant & equipment	-	2	-	2
Proceeds from disposal of available-for-sale investments	1,829	987	5,560	4,458
Purchase of property, plant and equipment (Note A)	(5,249)	(2,168)	(21,039)	(8,010)
Addition of investment properties	<u>575</u>	<u>(1,537)</u>	<u>(2,342)</u>	<u>(2,142)</u>
Net cash used in investing activities	<u>(4,475)</u>	<u>(4,542)</u>	<u>(58,582)</u>	<u>(13,212)</u>
<b>Financing activities:</b>				
Proceeds from bank loans	21,786	183	107,721	3,183
Repayment of bank loans	(14,129)	(662)	(59,726)	(3,677)
Fixed deposit pledged to banks	8	64	8	64
Repayment of finance lease	(3)	(4)	(11)	(10)
Dividends paid	-	-	(4,200)	(4,200)
Net cash generated from (used in) financing activities	<u>7,662</u>	<u>(419)</u>	<u>43,792</u>	<u>(4,640)</u>
Net increase (decrease) in cash and cash equivalents	8,735	(52)	(961)	(2,720)
Cash and cash equivalents at beginning of period	10,364	21,347	19,365	20,926
Effect of currency exchange adjustment	<u>(1,992)</u>	<u>(1,930)</u>	<u>(1,297)</u>	<u>1,159</u>
<b>Cash and cash equivalents at end of period</b>	<u>17,107</u>	<u>19,365</u>	<u>17,107</u>	<u>19,365</u>

Note A: During the year, the Group acquired property, plant and equipment with aggregate cost of \$21,101,000 (2013: \$8,023,000) of which \$65,000 (2013: \$13,000) was acquired under finance lease agreement.

Cash and cash equivalents consist of:

	<u>Group</u>	
	<u>31 Dec</u>	<u>31 Dec</u>
	<u>2014</u>	<u>2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	154	144
Cash at bank	16,052	18,107
Fixed deposits	<u>1,628</u>	<u>1,849</u>
	17,834	20,100
Less: Fixed deposits pledged	<u>(727)</u>	<u>(735)</u>
Total	<u>17,107</u>	<u>19,365</u>

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

	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Employee benefit reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Translation reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
<b>The Group</b>							
Balance at 1 January 2013	100,438	198,177	-	2,533	(2,241)	84,283	383,190
Dividend	-	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	-	39	13	8,793	8,845
<b>Balance at 30 September 2013</b>	<b>100,438</b>	<b>198,177</b>	<b>-</b>	<b>2,572</b>	<b>(2,228)</b>	<b>88,876</b>	<b>387,835</b>
Total comprehensive income for the period	-	119,325	171	188	(493)	849	120,040
<b>Balance at 31 December 2013</b>	<b>100,438</b>	<b>317,502</b>	<b>171</b>	<b>2,760</b>	<b>(2,721)</b>	<b>89,725</b>	<b>507,875</b>
Balance at 1 January 2014	100,438	317,502	171	2,760	(2,721)	89,725	507,875
Dividend	-	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	-	(12)	(1,853)	8,359	6,494
<b>Balance at 30 September 2014</b>	<b>100,438</b>	<b>317,502</b>	<b>171</b>	<b>2,748</b>	<b>(4,574)</b>	<b>93,884</b>	<b>510,169</b>
Total comprehensive income for the period	-	21,995	-	480	2,477	2,819	27,771
<b>Balance at 31 December 2014</b>	<b>100,438</b>	<b>339,497</b>	<b>171</b>	<b>3,228</b>	<b>(2,097)</b>	<b>96,703</b>	<b>537,940</b>

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

	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
<b>The Company</b>					
Balance at 1 January 2013	100,438	123,108	683	23,809	248,038
Dividend	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(4)	5,396	5,392
<b>Balance at 30 September 2013</b>	100,438	123,108	679	25,005	249,230
Total comprehensive income for the period	-	83,000	(23)	1,231	84,208
<b>Balance at 31 December 2013</b>	100,438	206,108	656	26,236	333,438
Balance at 1 January 2014	100,438	206,108	656	26,236	333,438
Dividend	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(60)	5,750	5,690
<b>Balance at 30 September 2014</b>	100,438	206,108	596	27,786	334,928
Total comprehensive income for the period	-	-	46	3,101	3,147
<b>Balance at 31 December 2014</b>	100,438	206,108	642	30,887	338,075

## 1(d)(ii) SHARE CAPITAL

	<u>The Group and the Company</u>			
	<u>31 Dec 2014</u>	<u>31 Dec 2013</u>	<u>31 Dec 2014</u>	<u>31 Dec 2013</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
<b>Issued and paid-up capital:</b>				
Balance at beginning and end of year	84,000	84,000	100,438	100,438

There was no movement in the issued and paid-up capital of the Company since 31 December 2013.

## 1(d)(iii) TREASURY SHARES

There were no treasury shares.

## 2 AUDIT

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

## 3 AUDITORS' REPORT

Not applicable.

## 4 ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recently audited annual financial statements as at 31 December 2014.

The Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of other new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

## 5 CHANGES IN ACCOUNTING POLICIES

There was no changes in accounting policies which has a material financial effect on the results and financial position of the Group and of the Company for the current and the previous financial years.

**6 EARNINGS PER ORDINARY SHARE (EPS)**

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Earnings per share (based on consolidated profit after taxation)				
- on weighted average number of shares	3.36 cents	1.01 cents	13.31 cents	11.48 cents
- on a fully diluted basis	<u>3.36 cents</u>	<u>1.01 cents</u>	<u>13.31 cents</u>	<u>11.48 cents</u>

Basic earnings per share for the fourth quarter and year ended 31 December 2014 are calculated on the Group profit after income tax expense of S\$2.819 million and S\$11.178 million respectively (2013: S\$0.849 million and S\$9.642 million respectively) divided by weighted average number of ordinary shares of 84,000,000 (2013: 84,000,000).

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 2014</u>	<u>31 Dec 2013</u>	<u>31 Dec 2013</u>	<u>31 Dec 2013</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$6.40	S\$6.05	S\$4.02	S\$3.97

The NAV per share as at 31 December 2014 and 31 December 2013 were calculated based on the number of shares in issue of 84 million ordinary shares.

## **8 REVIEW OF GROUP PERFORMANCE**

### Fourth quarter 2014 vs Fourth quarter 2013

The Group's revenue for the fourth quarter 2014 increased by 27.2% or S\$3.431 million from S\$12.606 million in 2013 to S\$16.037 million in 2014. This was mainly due to additional contribution from the newly acquired Burasari Resort in July 2014 and higher room revenue and food and beverage sales from Malaysia hotels offset by lower contribution from Singapore hotels.

The Group's profit after income tax for fourth quarter 2014 increased by S\$1.970 million as compared to fourth quarter 2013. This was mainly due to additional profit from the newly acquired Burasari resort, higher other income relating to write back of doubtful receivables no longer required by a Thailand subsidiary and New Zealand subsidiary and lower other expenses from doubtful receivables.

### Financial year ended 31 December 2014 vs. Financial year ended 31 December 2013

The Group's revenue for financial year ended 31 December 2014 increased by 10.7% or S\$5.479 million from S\$51.208 million in 2013 to S\$56.687 million in 2014. This was mainly due to additional contribution from the newly acquired Burasari Resort in July 2014, higher room revenue and higher food and beverage sales from Malaysia hotels and higher rental income from investment properties in New Zealand, Singapore and Malaysia.

The Group's profit after income tax increased by S\$1.536 million for financial year ended 31 December 2014 as compared to financial year ended 31 December 2013. This was mainly due to better performance in fourth quarter 2014.

In the opinion of the Directors, no transaction has arisen between 31 December 2014 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 expects a more challenging year ahead. With the opening of new tourists' destinations, lower tourists' arrivals, increased room inventory in Singapore and shortage of labour, the Group will continue to focus on providing service quality and value for money to retain existing customers and also to widen the customer base.

The Group will continue to actively market its investment properties in New Zealand so as to maximize rental income.

With new measures to control the appreciation of Singapore dollar, the Group's profitability will continue to be influenced by the changes in exchange rates of NZD, USD, RM and THB against the SGD; and changes in the income from and the market value of our investment portfolio.



**11 DIVIDEND**

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

**First and Final Dividend**

The following dividend is proposed for the financial year ended 31 December 2014:

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	5 cents 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 2013:

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>2014</u> <u>S\$'000</u>	<u>2013</u> <u>S\$'000</u>	<u>2014</u> <u>S\$'000</u>	<u>2013</u> <u>S\$'000</u>	<u>2014</u> <u>S\$'000</u>	<u>2013</u> <u>S\$'000</u>
<b>Hotel operation</b>						
Singapore	29,814	30,834	-	-	29,814	30,834
Malaysia	12,090	11,573	-	-	12,090	11,573
Thailand	4,896	314	-	-	4,896	314
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	46,800	42,721	-	-	46,800	42,721
<b>Property investment</b>						
Singapore	1,587	1,202	126	122	1,713	1,324
New Zealand	6,706	6,062	-	-	6,706	6,062
Malaysia	967	656	-	-	967	656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,260	7,920	126	122	9,386	8,042
<b>Financial investment</b>	627	567	2,272	1,286	2,899	1,853
<b>Total</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	56,687	51,208	2,398	1,408	59,085	52,616

## II. Net profit

	Net profit(loss) for the year	
	<u>2014</u> <u>S\$'000</u>	<u>2013</u> <u>S\$'000</u>
<b>Hotel operation</b>		
Singapore	9,068	11,492
Malaysia	1,226	1,591
Thailand	552	(1,410)
	<hr/>	<hr/>
	10,846	11,673
	<hr/>	<hr/>
<b>Property investment</b>		
Singapore	2,538	982
New Zealand	2,998	2,716
Malaysia	884	618
	<hr/>	<hr/>
	6,420	4,316
	<hr/>	<hr/>
<b>Financial investment</b>	628	344
	<hr/>	<hr/>
<b>Total</b>	17,894	16,333
Finance cost	(3,627)	(3,003)
	<hr/>	<hr/>
<b>Profit before income tax</b>	14,267	13,330
<b>Income tax expense</b>	(3,089)	(3,688)
	<hr/>	<hr/>
<b>Profit after income tax</b>	11,178	9,642
	<hr/>	<hr/>

### III. Segment assets and liabilities

	Segment assets		Segment liabilities	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Hotel operation</b>				
Singapore	442,152	422,240	3,132	4,354
Malaysia	51,700	48,743	1,058	931
Thailand	104,231	25,706	3,503	599
	<hr/>	<hr/>	<hr/>	<hr/>
	598,083	496,689	7,693	5,884
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Property investment</b>				
Singapore	30,607	37,892	214	216
New Zealand	61,323	60,416	1,273	1,379
Malaysia	14,375	14,680	757	1,173
	<hr/>	<hr/>	<hr/>	<hr/>
	106,305	112,988	2,244	2,768
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Financial investment</b>	19,623	18,367	177	179
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	724,011	628,044	10,114	8,831
<b>Unallocated items</b>	1,739	1,902	177,696	113,240
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Consolidated total</b>	725,750	629,946	187,810	122,071
	<hr/>	<hr/>	<hr/>	<hr/>

#### IV. Other segment information

	<b>Depreciation</b>		<b>Additions to non-current assets</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>
<b>Hotel operation</b>				
Singapore	2,772	2,436	3,621	3,821
Malaysia	1,815	1,495	2,694	1,982
Thailand	987	148	14,786	2,220
	<u>5,574</u>	<u>4,079</u>	<u>21,101</u>	<u>8,023</u>
<b>Property investment</b>				
Singapore	445	480	667	247
New Zealand	734	661	1,678	1,895
Malaysia	-	149	-	-
	<u>1,179</u>	<u>1,290</u>	<u>2,345</u>	<u>2,142</u>
<b>Financial investment</b>	-	-	-	-
	<u>6,753</u>	<u>5,369</u>	<u>23,446</u>	<u>10,165</u>

#### 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	31,966	32,549	442,977	446,017
Malaysia	13,086	12,268	84,421	60,605
New Zealand	6,714	6,074	59,940	58,884
Thailand	4,921	317	97,398	24,626
<b>Total</b>	<b><u>56,687</u></b>	<b><u>51,208</u></b>	<b><u>684,736</u></b>	<b><u>590,132</u></b>

### 13 REVIEW OF SEGMENT PERFORMANCE

The revenue for Singapore hotel segment decreased by 3.3% from S\$30.834 million in 2013 to S\$29.814 million in 2014. This was mainly due to lower room occupancy affected by lower tourist arrivals. Revenue from the hotel segment in Malaysia increased by 4.5% from S\$11.573 million in 2013 to S\$12.090 million in 2014 mainly due to higher room revenue and higher food and beverage sales. Revenue from the hotel segment in Thailand increased by S\$4.582 million from S\$0.314 million in 2013 to S\$4.896 million in 2014 due to the additional contribution from the newly acquired Burasari resort and the re-opening of Hotel Royal Bangkok @ Chinatown in December 2014 after major upgrading works.

The revenue from the Singapore property investment segment increased by 29.4% from S\$1.324 million in 2013 to S\$1.713 million in 2014 mainly due to improved rental income from a Singapore subsidiary. The properties segment revenue from New Zealand increased by 10.6% from \$6.062 million in 2013 to \$6.706 million in 2014 mainly due to increased rental income from its investment properties. The property segment revenue from Malaysia increased by 47.4% from S\$0.656 million in 2013 to S\$0.967 million in 2014 due to improved occupancy.

Net profit pertaining to financial investment increased by 82.6% from \$0.344 million in 2013 to \$0.628 million in 2014 mainly due to the strengthening of various stock markets that the Group invested in.

### 14 BREAKDOWN OF SALES

	<u>Group</u>		<u>Increase</u>
	<u>2014</u>	<u>2013</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<b><u>Revenue reported for:</u></b>			
1 <sup>st</sup> Quarter	12,687	12,452	1.9
2 <sup>nd</sup> Quarter	13,029	12,689	2.7
3 <sup>rd</sup> Quarter	14,934	13,461	10.9
4 <sup>th</sup> Quarter	16,037	12,606	27.2
Total	<u>56,687</u>	<u>51,208</u>	<u>10.7</u>
<b><u>Profit for the year attributable to equity holders of the Company:</u></b>			
1 <sup>st</sup> Quarter	2,560	2,291	11.7
2 <sup>nd</sup> Quarter	2,610	3,095	(15.7)
3 <sup>rd</sup> Quarter	3,189	3,407	(6.4)
4 <sup>th</sup> Quarter	2,819	849	>100.0
Total	<u>11,178</u>	<u>9,642</u>	<u>15.9</u>

### 15 TOTAL ANNUAL DIVIDEND

	<u>2014</u>	<u>2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Ordinary		
Interim	-	-
Final	4,200	4,200
	<u>4,200</u>	<u>4,200</u>

## 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 mandate from its shareholders for interested person transactions.

## 17 SUBSEQUENT EVENT

The Group had incorporated a new Malaysia subsidiary in October 2014 and had entered into agreements through the new subsidiary to acquire The Baba House and its business in Melaka, Malaysia. The Baba House is a 97-room boutique hotel.

The proposed acquisition was completed on 9 January 2015.

The total purchase consideration for the proposed acquisition of RM 26.1 million was financed by internal funds and bank borrowings.

## 18 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)	61	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
Mr. George Lee Chou Hor (BBA (Hons), MBA, M.Sc (Real Estate), MPA)	56	Nephew of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the group in 1993. Presently the General Manager of Grand Complex Properties Ltd, Royal Properties Investment Pte Ltd, Royal Capital Pte Ltd and the Group's key subsidiaries. His duties include the general management of these companies.	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
Mrs. Wong Siew Choo	69	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
Mdm Tay Kok Liang (BAcc)	62	Niece of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the Company in 1975. Presently the Accounts Controller of the Company. Her duties include the management of accounting functions and monitoring of the internal controls of the Company and Group.	Nil
Mr. Lee Chu Bing (BA)	35	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

**BY ORDER OF THE BOARD**

Sharon Yeoh  
Secretary

26 February 2015