



# HOTEL ROYAL LIMITED

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

## 1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the third quarter and nine months ended 30 September 2017.

### 1(a) CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the third quarter and nine months ended 30 September

|              |                                                             | <u>Group</u>                      |                |                |                                 |                |                |
|--------------|-------------------------------------------------------------|-----------------------------------|----------------|----------------|---------------------------------|----------------|----------------|
|              |                                                             | <u>Third Quarter Ended 30 Sep</u> |                |                | <u>Nine Months Ended 30 Sep</u> |                |                |
|              |                                                             | <u>2017</u>                       | <u>2016</u>    | <u>+ / (-)</u> | <u>2017</u>                     | <u>2016</u>    | <u>+ / (-)</u> |
| <u>Notes</u> |                                                             | <u>S\$'000</u>                    | <u>S\$'000</u> | <u>%</u>       | <u>S\$'000</u>                  | <u>S\$'000</u> | <u>%</u>       |
|              | Revenue                                                     | 15,700                            | 15,090         | 4.0            | 45,993                          | 43,600         | 5.5            |
|              | Cost of sales                                               | (7,068)                           | (6,534)        | 8.2            | (20,971)                        | (20,528)       | 2.2            |
|              | Gross profit                                                | 8,632                             | 8,556          | 0.9            | 25,022                          | 23,072         | 8.5            |
|              | Other income                                                | 459                               | 454            | 1.1            | 1,302                           | 854            | 52.5           |
|              | Distribution costs                                          | (598)                             | (443)          | 35.0           | (1,193)                         | (771)          | 54.7           |
|              | Administrative expenses                                     | (3,925)                           | (3,954)        | (0.7)          | (11,647)                        | (11,569)       | 0.7            |
|              | Other expenses                                              | -                                 | (186)          | (100)          | (483)                           | (968)          | (50.1)         |
|              | Finance cost                                                | (1,154)                           | (1,104)        | 4.5            | (3,348)                         | (3,538)        | (5.4)          |
|              | Profit before income tax                                    | 3,414                             | 3,323          | 2.7            | 9,653                           | 7,080          | 36.3           |
|              | Income tax expense                                          | (526)                             | (1,089)        | (51.7)         | (2,296)                         | (2,198)        | 4.5            |
|              | Profit for the period attributable to owners of the Company | 2,888                             | 2,234          | 29.3           | 7,357                           | 4,882          | 50.7           |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
for the third quarter and nine months ended 30 September**

|                                                                                                       | <u>Group</u>                      |                |                |                                 |                |                |
|-------------------------------------------------------------------------------------------------------|-----------------------------------|----------------|----------------|---------------------------------|----------------|----------------|
|                                                                                                       | <u>Third Quarter Ended 30 Sep</u> |                |                | <u>Nine Months Ended 30 Sep</u> |                |                |
|                                                                                                       | <u>2017</u>                       | <u>2016</u>    | <u>+ / (-)</u> | <u>2017</u>                     | <u>2016</u>    | <u>+ / (-)</u> |
|                                                                                                       | <u>S\$'000</u>                    | <u>S\$'000</u> | <u>%</u>       | <u>S\$'000</u>                  | <u>S\$'000</u> | <u>%</u>       |
| Profit for the period                                                                                 | 2,888                             | 2,234          | 29.3           | 7,357                           | 4,882          | 50.7           |
| Other comprehensive income (loss):                                                                    |                                   |                |                |                                 |                |                |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                  |                                   |                |                |                                 |                |                |
| Available-for-sale investments:                                                                       |                                   |                |                |                                 |                |                |
| Fair value (loss) gain<br>recognised in fair value reserve                                            | (175)                             | 451            | n.m.           | 739                             | 275            | >100           |
| Transfer from fair value reserve to profit or loss<br>upon disposal of available-for-sale investments | 274                               | (6)            | n.m.           | 592                             | 21             | >100           |
| Exchange (loss) gain on translation<br>of foreign operations                                          | (974)                             | 1,654          | n.m.           | 79                              | 992            | (92.0)         |
| Total                                                                                                 | (875)                             | 2,099          | n.m.           | 1,410                           | 1,288          | 9.5            |
| Total comprehensive income for the period<br>attributable to owners of the Company                    | 2,013                             | 4,333          | (53.5)         | 8,767                           | 6,170          | 42.1           |

**Notes**

**1. Revenue**

Revenue comprises the following:

|                                      | <u>Group</u>                      |                |                |                                 |                |                |
|--------------------------------------|-----------------------------------|----------------|----------------|---------------------------------|----------------|----------------|
|                                      | <u>Third Quarter Ended 30 Sep</u> |                |                | <u>Nine Months Ended 30 Sep</u> |                |                |
|                                      | <u>2017</u>                       | <u>2016</u>    | <u>+ / (-)</u> | <u>2017</u>                     | <u>2016</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                         | 9,113                             | 9,051          | 0.7            | 27,056                          | 26,090         | 3.7            |
| Food and beverages revenue           | 2,629                             | 2,277          | 15.5           | 7,365                           | 6,562          | 12.2           |
| Spa revenue                          | 340                               | 244            | 39.3           | 970                             | 756            | 28.3           |
| Rental income from:                  |                                   |                |                |                                 |                |                |
| Investment properties                | 2,271                             | 2,236          | 1.6            | 6,551                           | 6,376          | 2.7            |
| Other properties                     | 710                               | 686            | 3.5            | 2,233                           | 2,140          | 4.3            |
| Car park revenue                     | 321                               | 361            | (11.1)         | 979                             | 1,025          | (4.5)          |
| Interest income from outside parties | 9                                 | 24             | (62.5)         | 59                              | 88             | (33.0)         |
| Dividend income from:                |                                   |                |                |                                 |                |                |
| Quoted equity investments (gross)    | 132                               | 98             | 34.7           | 319                             | 282            | 13.1           |
| Unquoted equity investments (gross)  | 40                                | -              | 100            | 40                              | -              | 100            |
| Others                               | 135                               | 113            | 19.5           | 421                             | 281            | 49.8           |
| <b>Total</b>                         | <b>15,700</b>                     | <b>15,090</b>  | <b>4.0</b>     | <b>45,993</b>                   | <b>43,600</b>  | <b>5.5</b>     |

### ***Room revenue***

Group room revenue for third quarter and nine months ended 30 September 2017 increased by 0.7% and 3.7% respectively as compared to corresponding periods in 2016 mainly due to improved room occupancy in Hotel Royal Bangkok @ Chinatown. The increase was offset by lower contribution by hotels in Singapore and Malaysia resulted from downward adjustment of room rates, lower room occupancy and the weakened Malaysian ringgit against Singapore dollar.

### ***Food and beverages revenue***

Food and beverage revenue for third quarter and nine months ended 30 September 2017 increased by 15.5% and 12.2% respectively as compared to corresponding periods in 2016 mainly due to higher food and beverage revenue in Hotel Royal Bangkok @ Chinatown.

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

Rental income from investment properties for third quarter and nine months ended 30 September 2017 increased by 1.6% and 2.7% respectively as compared to corresponding periods in 2016 mainly due to higher occupancy in New Zealand properties.

## **2. Cost of sales**

The increase in cost of sales for third quarter and nine months ended 30 September 2017 as compared to corresponding periods in 2016 was mainly due to higher costs in Hotel Royal Bangkok @ Chinatown.

## **3. Other income**

Other income comprises of foreign exchange gain, gain on disposal of available-for-sale investments, fair value gain on held-for-trading investments and other miscellaneous income.

The increase in other income for third quarter and nine months ended 30 September 2017 as compared to corresponding periods in 2016 was mainly due to higher gain on disposal of available-for-sale investments, higher fair value gain on held-for-trading investments and higher other miscellaneous income in some of the Group's hotels offset by lower foreign exchange gain.

## **4. Distribution costs**

The increase in distribution costs for third quarter and nine months ended 30 September 2017 as compared to the corresponding periods in 2016 was mainly due to higher sales commission expenses.

## **5. Administrative expenses**

The administrative expenses remained constant for third quarter and nine months ended 30 September 2017 as compared to corresponding periods in 2016.

## **6. Other expenses**

Other expenses comprise of foreign exchange loss, impairment loss on available-for-sale investments and other miscellaneous expenses.

The decrease in other expenses for third quarter and nine months ended 30 September 2017 as compared to the corresponding periods in 2016 was mainly due to lower foreign exchange loss and lower impairment loss on available-for-sale investments.

## 7. Finance cost

The increased in finance cost for third quarter 2017 as compared to third quarter 2016 was mainly due higher interest rates. However, the decrease in finance cost for nine months ended 30 September 2017 as compared to nine months ended 30 September 2016 was mainly due to repayment of bank loans.

## 8. Profit before income tax

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

|                                                          | <u>Group</u>                      |                |                |                                 |                |                |
|----------------------------------------------------------|-----------------------------------|----------------|----------------|---------------------------------|----------------|----------------|
|                                                          | <u>Third Quarter Ended 30 Sep</u> |                |                | <u>Nine Months Ended 30 Sep</u> |                |                |
|                                                          | <u>2017</u>                       | <u>2016</u>    | <u>+ / (-)</u> | <u>2017</u>                     | <u>2016</u>    | <u>+ / (-)</u> |
|                                                          | <u>S\$'000</u>                    | <u>S\$'000</u> | <u>%</u>       | <u>S\$'000</u>                  | <u>S\$'000</u> | <u>%</u>       |
| Depreciation                                             | 2,180                             | 2,437          | (10.5)         | 6,492                           | 7,131          | (9.0)          |
| Impairment loss on available-for-sale investments        | 7                                 | 1              | >100           | 14                              | 226            | (93.8)         |
| Allowance for doubtful receivables                       | 1                                 | 1              | -              | 2                               | 1              | 100            |
| Allowance for doubtful receivables<br>no longer required | (14)                              | -              | 100            | (14)                            | (9)            | 55.6           |
| Bad debt written off                                     | (44)                              | -              | 100            | (44)                            | -              | 100            |
| Fair value (gain) loss on held-for-trading investments   | (1)                               | 2              | n.m.           | (82)                            | (6)            | >100           |
| Net foreign exchange adjustment loss (gain)              | 213                               | (160)          | n.m.           | 183                             | 70             | >100           |
| Gain on disposal of available-for-sale investments       | (345)                             | (14)           | >100           | (607)                           | (51)           | >100           |
| (Gain) Loss on disposal of property, plant and equipment | (6)                               | (46)           | (87.0)         | 4                               | (72)           | n.m.           |

### *Depreciation*

The decrease for third quarter and nine months ended 30 September 2017 as compared to corresponding periods in 2016 was mainly due to absence of overprovision of depreciation expense in third quarter 2017.

### *Net foreign exchange adjustment loss (gain)*

The higher net foreign exchange loss for third quarter and nine months ended 30 September 2017 as compared to corresponding periods in 2016 mainly arose from the weakened United States dollar against Singapore dollar.

### *Gain on disposal of available-for-sale investments*

The higher gain on disposal of available-for-sale investments for third quarter and nine months ended 30 September 2017 as compared to corresponding periods in 2016 was mainly due to more disposal of investments.

## 9. Income tax expense

Income tax expense decreased for third quarter 2017 as compared to third quarter 2016 mainly due to lower taxable income in New Zealand subsidiary. However, the increase in income tax expense for nine months ended 30 September 2017 as compared to corresponding period in 2016 was mainly due to higher taxable income in some of the Group's hotels.

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

|                                                  | <b>Notes</b> | <b>The Group</b> |                  | <b>The Company</b> |                  |
|--------------------------------------------------|--------------|------------------|------------------|--------------------|------------------|
|                                                  |              | <b>30 Sep 17</b> | <b>31 Dec 16</b> | <b>30 Sep 17</b>   | <b>31 Dec 16</b> |
|                                                  |              | <b>SS'000</b>    | <b>SS'000</b>    | <b>SS'000</b>      | <b>SS'000</b>    |
| <b><u>ASSETS</u></b>                             |              |                  |                  |                    |                  |
| <b>Current assets</b>                            |              |                  |                  |                    |                  |
| Cash and bank balances                           | 10           | 17,128           | 14,721           | 1,416              | 2,291            |
| Held-for-trading investments                     | 11           | 7,801            | 6,268            | 1,316              | 599              |
| Available-for-sale investments                   | 12           | 8,682            | 8,119            | 1,991              | 1,720            |
| Trade receivables                                |              | 3,430            | 3,629            | 1,402              | 1,130            |
| Other receivables, deposits and prepaid expenses |              | 1,565            | 1,363            | 119                | 216              |
| Inventories                                      |              | 944              | 770              | 25                 | 45               |
| Income tax recoverable                           |              | 17               | 4                | -                  | -                |
| <b>Total current assets</b>                      |              | <b>39,567</b>    | <b>34,874</b>    | <b>6,269</b>       | <b>6,001</b>     |
| <b>Non-current assets</b>                        |              |                  |                  |                    |                  |
| Subsidiaries                                     |              | -                | -                | 177,381            | 169,130          |
| Available-for-sale investments                   | 12           | 4,006            | 3,435            | 1,141              | 1,055            |
| Other assets                                     |              | 1,298            | 1,147            | -                  | -                |
| Goodwill                                         |              | 1,874            | 1,829            | -                  | -                |
| Property, plant and equipment                    |              | 594,464          | 590,216          | 242,907            | 243,772          |
| Investment properties                            |              | 92,212           | 94,390           | 23,734             | 24,022           |
| <b>Total non-current assets</b>                  |              | <b>693,854</b>   | <b>691,017</b>   | <b>445,163</b>     | <b>437,979</b>   |
| <b>Total assets</b>                              |              | <b>733,421</b>   | <b>725,891</b>   | <b>451,432</b>     | <b>443,980</b>   |
| <b><u>LIABILITIES AND EQUITY</u></b>             |              |                  |                  |                    |                  |
| <b>Current liabilities</b>                       |              |                  |                  |                    |                  |
| Bank loans                                       | 13           | 9,196            | 13,805           | -                  | -                |
| Trade payables                                   | 14           | 4,643            | 3,587            | 1,959              | 2,036            |
| Other payables                                   | 15           | 3,828            | 4,580            | 1,809              | 2,249            |
| Current portion of finance lease                 |              | -                | 42               | -                  | -                |
| Income tax payable                               | 16           | 1,669            | 2,591            | 240                | 1,156            |
| <b>Total current liabilities</b>                 |              | <b>19,336</b>    | <b>24,605</b>    | <b>4,008</b>       | <b>5,441</b>     |
| <b>Non-current liabilities</b>                   |              |                  |                  |                    |                  |
| Long-term bank loans                             | 13           | 144,664          | 137,858          | 74,064             | 66,864           |
| Retirement benefit obligations                   |              | 726              | 663              | -                  | -                |
| Deferred tax liabilities                         |              | 19,626           | 19,803           | 562                | 562              |
| Other payables                                   | 15           | 1,635            | 95               | 23,768             | 23,274           |
| <b>Total non-current liabilities</b>             |              | <b>166,651</b>   | <b>158,419</b>   | <b>98,394</b>      | <b>90,700</b>    |
| <b>Capital and reserves</b>                      |              |                  |                  |                    |                  |
| Share capital                                    |              | 100,438          | 100,438          | 100,438            | 100,438          |
| Asset revaluation reserve                        |              | 354,185          | 354,185          | 210,108            | 210,108          |
| Employee benefit reserve                         |              | 198              | 198              | -                  | -                |
| Fair value reserve                               | 17           | 3,406            | 2,075            | 732                | 465              |
| Translation reserve                              |              | (12,881)         | (12,960)         | -                  | -                |
| Retained earnings                                |              | 102,088          | 98,931           | 37,752             | 36,828           |
| <b>Total equity</b>                              |              | <b>547,434</b>   | <b>542,867</b>   | <b>349,030</b>     | <b>347,839</b>   |
| <b>Total liabilities and equity</b>              |              | <b>733,421</b>   | <b>725,891</b>   | <b>451,432</b>     | <b>443,980</b>   |

**10. Cash and bank balances**

The increase in cash and bank balances mainly arose from higher revenue.

**11. Held-for-trading investments**

The increase in held-for-trading investments was mainly due to higher purchase of investments.

**12. Available-for-sale investments**

Available-for-sale investments consist of current and non-current portion.

The increase in both current and non-current portion of available-for-sale investments was mainly due to higher purchase of investments as well as higher fair value gain from strengthened stock market conditions.

**13. Bank loans**

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

The decrease in short-term bank loans was mainly due to bank loan repayments while the increase in long-term bank loans was mainly due to drawdown of new loans.

**14. Trade payables**

The increase in trade payables was mainly due to better management of creditors' balances.

**15. Other payables**

Other payables consist of current and non-current portion.

The decrease for current portion of other payables was mainly due to lower accrued expenses and lower guest deposits on advance bookings while the increase for other payables (non-current liabilities) mainly arose from the RM 5 million to complete 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 RM 5 million will be payable to complete the transaction.

**16. Income tax payable**

The decrease in income tax payable was mainly due to tax payments made.

**17. Fair value reserve**

The increase in fair value reserve was mainly due to higher fair value gain on available-for-sale investments resulted from strengthened stock market conditions.

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

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

| <u>As at 30 Sep 2017</u> |                  | <u>As at 31 Dec 2016</u> |                  |
|--------------------------|------------------|--------------------------|------------------|
| <u>Secured</u>           | <u>Unsecured</u> | <u>Secured</u>           | <u>Unsecured</u> |
| 9,196                    | -                | 13,805                   | -                |

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

| <u>As at 30 Sep 2017</u> |                  | <u>As at 31 Dec 2016</u> |                  |
|--------------------------|------------------|--------------------------|------------------|
| <u>Secured</u>           | <u>Unsecured</u> | <u>Secured</u>           | <u>Unsecured</u> |
| 144,664                  | -                | 137,858                  | -                |

### 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 third quarter and nine months ended 30 Sep

|                                                             | <u>Group</u>                      |               |                                 |               |
|-------------------------------------------------------------|-----------------------------------|---------------|---------------------------------|---------------|
|                                                             | <u>Third Quarter Ended 30 Sep</u> |               | <u>Nine Months Ended 30 Sep</u> |               |
|                                                             | <u>2017</u>                       | <u>2016</u>   | <u>2017</u>                     | <u>2016</u>   |
|                                                             | <u>SS'000</u>                     | <u>SS'000</u> | <u>SS'000</u>                   | <u>SS'000</u> |
| <b>Operating activities:</b>                                |                                   |               |                                 |               |
| Profit before income tax                                    | 3,414                             | 3,323         | 9,653                           | 7,080         |
| Adjustments for:                                            |                                   |               |                                 |               |
| Depreciation expense                                        | 2,180                             | 2,437         | 6,492                           | 7,131         |
| Impairment loss on available-for-sale investments           | 7                                 | 1             | 14                              | 226           |
| Dividend income                                             | (172)                             | (98)          | (359)                           | (282)         |
| Interest income                                             | (9)                               | (24)          | (59)                            | (88)          |
| Interest expense                                            | 1,154                             | 1,104         | 3,348                           | 3,538         |
| Allowance for doubtful receivables                          | 1                                 | 1             | 2                               | 1             |
| Allowance for doubtful receivables<br>no longer required    | (14)                              | -             | (14)                            | (9)           |
| Bad debt written off                                        | (44)                              | -             | (44)                            | -             |
| Gain on disposal of available-for-sale investments          | (345)                             | (14)          | (607)                           | (51)          |
| Fair value (gain) loss on held-for-trading investments      | (1)                               | 2             | (82)                            | (6)           |
| (Gain) Loss on disposal of property, plant and equipment    | (6)                               | (46)          | 4                               | (72)          |
|                                                             | -----                             | -----         | -----                           | -----         |
| Operating cash flows before movements in working capital    | 6,165                             | 6,686         | 18,348                          | 17,468        |
| Available-for-sale investments                              | 58                                | (147)         | 245                             | 41            |
| Held-for-trading investments                                | (74)                              | 228           | (1,451)                         | (2,547)       |
| Trade and other receivables                                 | (396)                             | 259           | (98)                            | 741           |
| Inventories                                                 | (37)                              | 43            | (174)                           | 45            |
| Trade and other payables                                    | (635)                             | (326)         | 1,845                           | (700)         |
|                                                             | -----                             | -----         | -----                           | -----         |
| Cash generated from operations                              | 5,081                             | 6,473         | 18,715                          | 15,048        |
| Interest paid                                               | (1,154)                           | (1,104)       | (3,348)                         | (3,538)       |
| Interest received                                           | 9                                 | 24            | 59                              | 88            |
| Dividend received                                           | 172                               | 98            | 359                             | 282           |
| Income tax paid – net of refund                             | (1,127)                           | (1,016)       | (2,526)                         | (2,764)       |
|                                                             | -----                             | -----         | -----                           | -----         |
| Net cash from operating activities                          | 2,981                             | 4,745         | 13,259                          | 9,116         |
|                                                             | -----                             | -----         | -----                           | -----         |
| <b>Investing activities:</b>                                |                                   |               |                                 |               |
| Purchase of available-for-sale investments                  | (1,539)                           | (11)          | (2,788)                         | (695)         |
| Proceeds from disposal of<br>available-for-sale investments | 2,027                             | 671           | 3,333                           | 1,113         |
| Purchase of property, plant and equipment                   | (690)                             | (950)         | (7,265)                         | (4,157)       |
| Proceeds from disposal of property, plant and equipment     | 23                                | 50            | 36                              | 93            |
| Addition to investment properties                           | (151)                             | (73)          | (180)                           | (387)         |
|                                                             | -----                             | -----         | -----                           | -----         |
| Net cash used in investing activities                       | (330)                             | (313)         | (6,864)                         | (4,033)       |
|                                                             | -----                             | -----         | -----                           | -----         |



1 (c) **CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the third quarter and nine months ended 30 Sep (*Continued*)

|                                                      | <b>Group</b>                      |                      |                                 |                      |
|------------------------------------------------------|-----------------------------------|----------------------|---------------------------------|----------------------|
|                                                      | <b>Third Quarter Ended 30 Sep</b> |                      | <b>Nine Months Ended 30 Sep</b> |                      |
|                                                      | <b><u>2017</u></b>                | <b><u>2016</u></b>   | <b><u>2017</u></b>              | <b><u>2016</u></b>   |
|                                                      | <b><u>SS'000</u></b>              | <b><u>SS'000</u></b> | <b><u>SS'000</u></b>            | <b><u>SS'000</u></b> |
| <b>Financing activities:</b>                         |                                   |                      |                                 |                      |
| Proceeds from bank loans                             | 232                               | 832                  | 8,761                           | 3,523                |
| Repayment of bank loans                              | (3,460)                           | (2,203)              | (7,482)                         | (6,493)              |
| Repayment of finance lease                           | (6)                               | (14)                 | (42)                            | (24)                 |
| Addition of finance lease                            | -                                 | 50                   | -                               | 50                   |
| Dividends paid                                       | -                                 | -                    | (4,200)                         | (4,200)              |
| Net cash used in financing activities                | <u>(3,234)</u>                    | <u>(1,335)</u>       | <u>(2,963)</u>                  | <u>(7,144)</u>       |
| Net (decrease) increase in cash and cash equivalents | (583)                             | 3,097                | 3,432                           | (2,061)              |
| Cash and cash equivalents at beginning of period     | 17,346                            | 11,891               | 14,721                          | 17,037               |
| Effect of currency exchange adjustment               | 365                               | (1,169)              | (1,025)                         | (1,157)              |
| <b>Cash and cash equivalents at end of period</b>    | <b><u>17,128</u></b>              | <b><u>13,819</u></b> | <b><u>17,128</u></b>            | <b><u>13,819</u></b> |

Cash and cash equivalents consist of:

|                | <b>As at 30 Sep</b>  |                      |
|----------------|----------------------|----------------------|
|                | <b><u>2017</u></b>   | <b><u>2016</u></b>   |
|                | <b><u>SS'000</u></b> | <b><u>SS'000</u></b> |
| Cash on hand   | 157                  | 166                  |
| Cash at bank   | 16,067               | 12,282               |
| Fixed deposits | 904                  | 1,371                |
| Total          | <u>17,128</u>        | <u>13,819</u>        |

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

| <b>The Group</b>                                        | <u>Share capital</u><br><u>S\$'000</u> | <u>Asset revaluation reserve</u><br><u>S\$'000</u> | <u>Employee benefit reserve</u><br><u>S\$'000</u> | <u>Fair value reserve</u><br><u>S\$'000</u> | <u>Translation reserve</u><br><u>S\$'000</u> | <u>Retained earnings</u><br><u>S\$'000</u> | <u>Total</u><br><u>S\$'000</u> |
|---------------------------------------------------------|----------------------------------------|----------------------------------------------------|---------------------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------------------|--------------------------------|
| Balance at 1 January 2016                               | 100,438                                | 352,360                                            | 171                                               | 1,730                                       | (14,623)                                     | 95,396                                     | 535,472                        |
| Total comprehensive income (loss) for the period        |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Profit for the period                                   | -                                      | -                                                  | -                                                 | -                                           | -                                            | 2,179                                      | 2,179                          |
| Other comprehensive income (loss) for the period        | -                                      | -                                                  | -                                                 | 37                                          | (312)                                        | -                                          | (275)                          |
| <b>Total</b>                                            | <b>-</b>                               | <b>-</b>                                           | <b>-</b>                                          | <b>37</b>                                   | <b>(312)</b>                                 | <b>2,179</b>                               | <b>1,904</b>                   |
| <b>Balance at 31 March 2016</b>                         | <b>100,438</b>                         | <b>352,360</b>                                     | <b>171</b>                                        | <b>1,767</b>                                | <b>(14,935)</b>                              | <b>97,575</b>                              | <b>537,376</b>                 |
| Total comprehensive income (loss) for the period        |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Profit for the period                                   | -                                      | -                                                  | -                                                 | -                                           | -                                            | 469                                        | 469                            |
| Other comprehensive loss for the period                 | -                                      | -                                                  | -                                                 | (186)                                       | (350)                                        | -                                          | (536)                          |
| <b>Total</b>                                            | <b>-</b>                               | <b>-</b>                                           | <b>-</b>                                          | <b>(186)</b>                                | <b>(350)</b>                                 | <b>469</b>                                 | <b>(67)</b>                    |
| Transactions with owners, recognised directly in equity |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Dividends                                               | -                                      | -                                                  | -                                                 | -                                           | -                                            | (4,200)                                    | (4,200)                        |
| <b>Balance at 30 June 2016</b>                          | <b>100,438</b>                         | <b>352,360</b>                                     | <b>171</b>                                        | <b>1,581</b>                                | <b>(15,285)</b>                              | <b>93,844</b>                              | <b>533,109</b>                 |
| Total comprehensive income for the period               |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Profit for the period                                   | -                                      | -                                                  | -                                                 | -                                           | -                                            | 2,234                                      | 2,234                          |
| Other comprehensive loss for the period                 | -                                      | -                                                  | -                                                 | 445                                         | 1,654                                        | -                                          | 2,099                          |
| <b>Total</b>                                            | <b>-</b>                               | <b>-</b>                                           | <b>-</b>                                          | <b>445</b>                                  | <b>1,654</b>                                 | <b>2,234</b>                               | <b>4,333</b>                   |
| <b>Balance at 30 September 2016</b>                     | <b>100,438</b>                         | <b>352,360</b>                                     | <b>171</b>                                        | <b>2,026</b>                                | <b>(13,631)</b>                              | <b>96,078</b>                              | <b>537,442</b>                 |

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

| <b>The Group</b>                                        | <u>Share capital</u><br><u>S\$'000</u> | <u>Asset revaluation reserve</u><br><u>S\$'000</u> | <u>Employee benefit reserve</u><br><u>S\$'000</u> | <u>Fair value reserve</u><br><u>S\$'000</u> | <u>Translation reserve</u><br><u>S\$'000</u> | <u>Retained earnings</u><br><u>S\$'000</u> | <u>Total</u><br><u>S\$'000</u> |
|---------------------------------------------------------|----------------------------------------|----------------------------------------------------|---------------------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------------------|--------------------------------|
| Balance at 1 January 2017                               | 100,438                                | 354,185                                            | 198                                               | 2,075                                       | (12,960)                                     | 98,931                                     | 542,867                        |
| Total comprehensive income (loss) for the period        |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Profit for the period                                   | -                                      | -                                                  | -                                                 | -                                           | -                                            | 3,185                                      | 3,185                          |
| Other comprehensive income (loss) for the period        | -                                      | -                                                  | -                                                 | 791                                         | (1,290)                                      | -                                          | (499)                          |
| <b>Total</b>                                            | <b>-</b>                               | <b>-</b>                                           | <b>-</b>                                          | <b>791</b>                                  | <b>(1,290)</b>                               | <b>3,185</b>                               | <b>2,686</b>                   |
| <b>Balance at 31 March 2017</b>                         | <b>100,438</b>                         | <b>354,185</b>                                     | <b>198</b>                                        | <b>2,866</b>                                | <b>(14,250)</b>                              | <b>102,116</b>                             | <b>545,553</b>                 |
| Total comprehensive income for the period               |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Profit for the period                                   | -                                      | -                                                  | -                                                 | -                                           | -                                            | 1,284                                      | 1,284                          |
| Other comprehensive income for the period               | -                                      | -                                                  | -                                                 | 441                                         | 2,343                                        | -                                          | 2,784                          |
| <b>Total</b>                                            | <b>-</b>                               | <b>-</b>                                           | <b>-</b>                                          | <b>441</b>                                  | <b>2,343</b>                                 | <b>1,284</b>                               | <b>4,068</b>                   |
| Transactions with owners, recognised directly in equity |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Dividends                                               | -                                      | -                                                  | -                                                 | -                                           | -                                            | (4,200)                                    | (4,200)                        |
| <b>Balance at 30 June 2017</b>                          | <b>100,438</b>                         | <b>354,185</b>                                     | <b>198</b>                                        | <b>3,307</b>                                | <b>(11,907)</b>                              | <b>99,200</b>                              | <b>545,421</b>                 |
| Total comprehensive income (loss) for the period        |                                        |                                                    |                                                   |                                             |                                              |                                            |                                |
| Profit for the period                                   | -                                      | -                                                  | -                                                 | -                                           | -                                            | 2,888                                      | 2,888                          |
| Other comprehensive income (loss) for the period        | -                                      | -                                                  | -                                                 | 99                                          | (974)                                        | -                                          | (875)                          |
| <b>Total</b>                                            | <b>-</b>                               | <b>-</b>                                           | <b>-</b>                                          | <b>99</b>                                   | <b>(974)</b>                                 | <b>2,888</b>                               | <b>2,013</b>                   |
| <b>Balance at 30 September 2017</b>                     | <b>100,438</b>                         | <b>354,185</b>                                     | <b>198</b>                                        | <b>3,406</b>                                | <b>(12,881)</b>                              | <b>102,088</b>                             | <b>547,434</b>                 |

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

|                                                            | <u>Share<br/>capital</u><br><u>S\$'000</u> | <u>Asset<br/>revaluation<br/>reserve</u><br><u>S\$'000</u> | <u>Fair<br/>value<br/>reserve</u><br><u>S\$'000</u> | <u>Retained<br/>earnings</u><br><u>S\$'000</u> | <u>Total</u><br><u>S\$'000</u> |
|------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|--------------------------------|
| <b>The Company</b>                                         |                                            |                                                            |                                                     |                                                |                                |
| Balance at<br>1 January 2016                               | 100,438                                    | 210,108                                                    | 460                                                 | 34,066                                         | 345,072                        |
| Total comprehensive<br>income for the period               |                                            |                                                            |                                                     |                                                |                                |
| Profit for the period                                      | -                                          | -                                                          | -                                                   | 1,804                                          | 1,804                          |
| Other comprehensive<br>income for the period               | -                                          | -                                                          | 11                                                  | -                                              | 11                             |
| Total                                                      | -                                          | -                                                          | 11                                                  | 1,804                                          | 1,815                          |
| <b>Balance at<br/>31 March 2016</b>                        | 100,438                                    | 210,108                                                    | 471                                                 | 35,870                                         | 346,887                        |
| Total comprehensive<br>income for the period               |                                            |                                                            |                                                     |                                                |                                |
| Profit for the period                                      | -                                          | -                                                          | -                                                   | 1,187                                          | 1,187                          |
| Other comprehensive<br>income for the period               | -                                          | -                                                          | 28                                                  | -                                              | 28                             |
| Total                                                      | -                                          | -                                                          | 28                                                  | 1,187                                          | 1,215                          |
| Transactions with owners,<br>recognised directly in equity |                                            |                                                            |                                                     |                                                |                                |
| Dividends                                                  | -                                          | -                                                          | -                                                   | (4,200)                                        | (4,200)                        |
| <b>Balance at<br/>30 June 2016</b>                         | 100,438                                    | 210,108                                                    | 499                                                 | 32,857                                         | 343,902                        |
| Total comprehensive<br>income for the period               |                                            |                                                            |                                                     |                                                |                                |
| Profit for the period                                      | -                                          | -                                                          | -                                                   | 2,474                                          | 2,474                          |
| Other comprehensive<br>income for the period               | -                                          | -                                                          | 106                                                 | -                                              | 106                            |
| Total                                                      | -                                          | -                                                          | 106                                                 | 2,474                                          | 2,580                          |
| <b>Balance at<br/>30 September 2016</b>                    | 100,438                                    | 210,108                                                    | 605                                                 | 35,331                                         | 346,482                        |

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

|                                                            | <u>Share<br/>capital</u><br>S\$'000 | <u>Asset<br/>revaluation<br/>reserve</u><br>S\$'000 | <u>Fair<br/>value<br/>reserve</u><br>S\$'000 | <u>Retained<br/>earnings</u><br>S\$'000 | <u>Total</u><br>S\$'000 |
|------------------------------------------------------------|-------------------------------------|-----------------------------------------------------|----------------------------------------------|-----------------------------------------|-------------------------|
| <b>The Company</b>                                         |                                     |                                                     |                                              |                                         |                         |
| Balance at<br>1 January 2017                               | 100,438                             | 210,108                                             | 465                                          | 36,828                                  | 347,839                 |
| Total comprehensive<br>income for the period               |                                     |                                                     |                                              |                                         |                         |
| Profit for the period                                      | -                                   | -                                                   | -                                            | 1,609                                   | 1,609                   |
| Other comprehensive<br>income for the period               | -                                   | -                                                   | 183                                          | -                                       | 183                     |
| Total                                                      | -                                   | -                                                   | 183                                          | 1,609                                   | 1,792                   |
| <b>Balance at<br/>31 March 2017</b>                        | 100,438                             | 210,108                                             | 648                                          | 38,437                                  | 349,631                 |
| Total comprehensive<br>income for the period               |                                     |                                                     |                                              |                                         |                         |
| Profit for the period                                      | -                                   | -                                                   | -                                            | 1,873                                   | 1,873                   |
| Other comprehensive<br>income for the period               | -                                   | -                                                   | 6                                            | -                                       | 6                       |
| Total                                                      | -                                   | -                                                   | 6                                            | 1,873                                   | 1,879                   |
| Transactions with owners,<br>recognised directly in equity |                                     |                                                     |                                              |                                         |                         |
| Dividends                                                  | -                                   | -                                                   | -                                            | (4,200)                                 | (4,200)                 |
| <b>Balance at<br/>30 June 2017</b>                         | 100,438                             | 210,108                                             | 654                                          | 36,110                                  | 347,310                 |
| Total comprehensive<br>income for the period               |                                     |                                                     |                                              |                                         |                         |
| Profit for the period                                      | -                                   | -                                                   | -                                            | 1,642                                   | 1,642                   |
| Other comprehensive<br>income for the period               | -                                   | -                                                   | 78                                           | -                                       | 78                      |
| Total                                                      | -                                   | -                                                   | 78                                           | 1,642                                   | 1,720                   |
| <b>Balance at<br/>30 September 2017</b>                    | 100,438                             | 210,108                                             | 732                                          | 37,752                                  | 349,030                 |

**1(d)(ii) SHARE CAPITAL**

|                                        | <u>30 Sep 2017</u>               | <u>31 Dec 2016</u> | <u>30 Sep 2017</u> | <u>31 Dec 2016</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 period | <u>84.000</u>                    | <u>84.000</u>      | <u>100.438</u>     | <u>100.438</u>     |

There are no changes in the share capital since the end of the previous period reported on.

**1(d)(iii) TREASURY SHARES**

There are no treasury shares.

**1(d) (iv) A STATEMENT SHOWING ALL SALES, TRANSFERERS, CANCELLATION AND/OR USE OF SUBSIDIARY HOLDINGS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

**2 AUDIT**

The 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 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 2016.

**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.

## 6 EARNINGS PER ORDINARY SHARE (EPS)

|                                                             | <u>Group</u>                      |             |                                 |             |
|-------------------------------------------------------------|-----------------------------------|-------------|---------------------------------|-------------|
|                                                             | <u>Third Quarter Ended 30 Sep</u> |             | <u>Nine Months Ended 30 Sep</u> |             |
|                                                             | <u>2017</u>                       | <u>2016</u> | <u>2017</u>                     | <u>2016</u> |
| EPS (based on consolidated profit after income tax expense) |                                   |             |                                 |             |
| - on weighted average number of shares                      | 3.44 cents                        | 2.66 cents  | 8.76 cents                      | 5.81 cents  |
| - on a fully diluted basis                                  | 3.44 cents                        | 2.66 cents  | 8.76 cents                      | 5.81 cents  |

Basic earnings per share is calculated based on the Group's profit for third quarter and nine months of S\$2.888 million and S\$7.357million respectively (2016: S\$2.234 million and S\$4.882 million respectively) after income tax expense divided by 84 million (2016: 84 million) ordinary shares.

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>30 Sep 2017</u>                                                                    | <u>31 Dec 2016</u> | <u>30 Sep 2017</u> | <u>31 Dec 2016</u> |
|  | NAV per share based on issued number of shares as at the end of the respective period | S\$6.52            | S\$6.46            | S\$4.16            |

The NAV per share as at 30 September 2017 and 31 December 2016 were calculated based on the number of shares in issue of 84 million ordinary shares.

## 8 REVIEW OF GROUP PERFORMANCE

### Third quarter 2017 vs. Third quarter 2016

The Group's revenue for third quarter 2017 increased by 4.0% to S\$15.700 million from S\$15.090 million in 2016. This was mainly due to higher contribution by Hotel Royal Bangkok @ Chinatown resulted from higher room revenue and higher food and beverage sales.

The Group's profit after income tax for third quarter 2017 increased by 29.3% or S\$0.654 million as compared to third quarter 2016 mainly due to higher revenue and lower income tax expense.

### Nine months ended 2017 vs. Nine months ended 2016

The Group's revenue for nine months ended 30 September 2017 increased by 5.5% to S\$45.993 million from 43.600 million in 2016. This was mainly due to higher contribution by Hotel Royal Bangkok @ Chinatown resulted from higher room revenue and higher food and beverage sales.

The Group's profit after income tax for nine months ended 30 September 2017 increased by 50.7% to S\$7.357 million from S\$4.882 million in 2016. This was mainly due to higher revenue.

In the opinion of the Directors, no transaction has arisen between 30 September 2017 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**

In view of the highly competitive hospitality industry in Singapore, Malaysia and Thailand, the Group expects to meet more challenges ahead. Going forward, we will continue to explore opportunities to deepen our presence in the existing markets, enhance our hotel assets and monitor our room occupancy and room rates, in order to enlarge our asset base, customer base and market share.

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

The Group's managed fund portfolio will be affected by global events arose from political uncertainties, economical uncertainties and terrorism threats.

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, as well as changes in the market values of the investments in our investment portfolio.

**11 DIVIDEND**

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

No interim dividend is recommended for the current period ended 30 September 2017.

**(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.

**12 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.

**13 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.



**14      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 the attention of the Board of Directors which may render the unaudited interim financial results for the third quarter and nine months ended 30 September 2017 to be false or misleading in any material aspect.

**15      OTHER MATTERS**

1. Major Upgrading of The Baba House in Malacca, Malaysia

The Baba House (“Hotel”) is undergoing a major upgrading from September 2017. The Hotel is owned by Baba Residences Sdn Bhd, a wholly-owned subsidiary of the Group. The upgrading will take about 18 months to complete. During this period, the Hotel will be closed for business.

It is necessary to maximise the Hotel's prime commercial location in the heart of Malacca's core conservation and heritage centre and close to several attractions and eateries.

The upgrading will involve the replacement of mechanical and electrical equipment, the building of additional facilities such as function rooms and lobby lounge, as well as work on all public areas and guest rooms. The Hotel has been around for more than 30 years and was acquired by the Group in January 2015.

The upgrading amounting to approximately RM 12 million (about S\$3.9 million) will be financed by internal fund and bank borrowing.

The closure of the Hotel during the upgrading period is not expected to have any material impact on the Group's net tangible assets per share and earnings per share for the current financial year ending 31 December 2017.

2. Purchase of 99 Years Leasehold State Land in Malacca, Malaysia

The Group's wholly-owned subsidiary, Baba Residences Sdn Bhd, entered into a sale and purchase agreement to purchase Lot 36 situated along Jalan Tun Tan Cheng Lock in August 2017.

The land is 711 square metres and the total consideration is RM 416k (about S\$134k) or about RM 585 per square metre. The land is strategically located next to our existing property, Baba House, and will be subsequently merged as part of Baba House.

Completion date is set at three months from the date of consent to transfer from the Malacca's state authority is obtained. We are in the process of obtaining the consent.

This transaction will have no material impact on the Group's net tangible assets per share and earnings per share for the current financial year ending 31 December 2017.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the said transaction, other than their shareholdings in the Company.

**BY ORDER OF THE BOARD**

Sin Chee Mei  
Company Secretary

10 November 2017