



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 2019

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 2019.

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>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</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	14,857	14,807	0.3	42,771	45,441	(5.9)
	Cost of sales	(6,609)	(6,432)	2.8	(20,550)	(21,159)	(2.9)
	Gross profit	8,248	8,375	(1.5)	22,221	24,282	(8.5)
	Other income	306	68	>100	1,068	731	46.1
	Distribution costs	(727)	(939)	(22.6)	(1,381)	(1,632)	(15.4)
	Administrative expenses	(3,518)	(3,598)	(2.2)	(10,788)	(10,787)	-
	Other expenses	(354)	(172)	>100	(1,622)	(1,685)	(3.7)
	Finance costs	(1,069)	(1,008)	6.1	(3,210)	(3,295)	(2.6)
	Profit before income tax	2,886	2,726	5.9	6,288	7,614	(17.4)
	Income tax expense	(317)	(1,132)	(72.0)	(1,353)	(2,911)	(53.5)
	Profit for the period attributable to owners of the Company	2,569	1,594	61.2	4,935	4,703	4.9

**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>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</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	2,569	1,594	61.2	4,935	4,703	4.9
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income	-	9	(100.0)	231	627	(63.2)
Re-measurement of defined benefit obligation	-	-	-	(19)	18	n.m.
Total	-	9	(100.0)	212	645	(67.1)
<i>Items that may be reclassified subsequently to profit or loss</i>						
Fair value (loss) gain recognised in fair value reserve	(158)	118	n.m.	820	(617)	n.m.
Exchange differences on translation of foreign operations	(114)	(1,090)	(89.5)	1,598	(1,009)	n.m.
Total	(272)	(972)	(72.0)	2,418	(1,626)	n.m.
Other comprehensive (loss) income for the period, net of tax	(272)	(963)	(71.8)	2,630	(981)	n.m.
Total comprehensive income for the period attributable to owners of the Company	2,297	631	>100	7,565	3,722	>100

n.m.: not meaningful

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>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>
<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	
Hotel operations:						
Room revenue	9,300	9,158	1.6	26,627	27,920	(4.6)
Food and beverage revenue	2,342	2,325	0.7	6,669	7,236	(7.8)
Spa revenue	234	285	(17.9)	732	971	(24.6)
Car park revenue	340	315	7.9	990	884	12.0
Property investments - Rental income from:						
- Investment properties	1,725	1,840	(6.3)	5,182	5,773	(10.2)
- Premises within hotels	627	689	(9.0)	2,091	2,178	(4.0)
Financial investments:						
Interest income from investments	63	29	>100	87	51	70.6
Dividend income from:						
- Quoted equity investments	56	87	(35.6)	179	305	(41.3)
- Unquoted equity investments	95	44	>100	95	44	>100
Others	75	35	>100	119	79	50.6
Total	14,857	14,807	0.3	42,771	45,441	(5.9)

Room revenue

Group room revenue increased by 1.6% for third quarter but decreased by 4.6% for nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to lower room occupancy in some of the Group's hotels.

Food and beverage revenue

Food and beverage revenue increased slightly by 0.7% for third quarter but decreased by 7.8% for nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to lower breakfast sales in some of the Group's hotels.

Rental income from investment properties

Rental income from investment properties decreased by 6.3% and 10.2% respectively for third quarter and nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to lower occupancy in the Group's investment properties.

2. Cost of sales

Cost of sales increased for third quarter but decreased nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to lower costs in some of the Group's hotels and properties.

3. Other income

Other income comprises mainly foreign exchange gain, fair value gain on financial assets at fair value through profit or loss, short-term fixed deposit interest income, write-back of allowance for doubtful receivables no longer required, gain on disposal of property, plant and equipment and miscellaneous income.

The increase in other income for third quarter and nine months ended 30 September 2019 as compared to corresponding periods in 2018 was mainly due to higher foreign exchange gain, higher fair value gain on financial assets at fair value through profit or loss and higher short-term fixed deposit interest income.

4. Distribution costs

The decrease in distribution costs for third quarter and nine months ended 30 September 2019 as compared to corresponding periods in 2018 was mainly due to lower sales and marketing expenses.

5. Administrative expenses

Administrative expenses decreased for third quarter and remained constant for nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to lower overhead expenses in some of the Group's hotels.

6. Other expenses

Other expenses comprise mainly foreign exchange loss, fair value loss on financial assets at fair value through profit or loss and miscellaneous expenses.

Other expenses increased for third quarter but decreased for nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to lower fair value loss on financial assets at fair value through profit or loss and lower foreign exchange loss.

7. Finance costs

Finance costs increased for third quarter but decreased for nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to bank loan repayments.

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>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	2,122	2,528	(16.1)	6,186	7,047	(12.2)
Net fair value (gain) loss on financial assets at fair value through profit or loss	(15)	(4)	>100	(113)	274	n.m.
Net foreign exchange adjustment (gain) loss	(514)	44	n.m.	(779)	(259)	>100
Allowance for doubtful receivables	-	4	(100.0)	-	4	(100.0)
Write-back of allowance for doubtful receivables no longer required	1	-	100.0	(2)	-	100.0
Loss (gain) on disposal of property, plant and equipment	1	1	-	3	(4)	n.m.

n.m.: not meaningful

Depreciation

The decrease in depreciation for third quarter and nine months ended 30 September 2019 as compared to corresponding periods in 2018 was mainly due to some fully depreciated fixed assets in a Singapore hotel and lower depreciation in a Malaysia hotel.

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

The Group had net fair value gain on financial assets at fair value through profit or loss for nine months ended 30 September 2019 as opposed to net fair value loss for nine months ended 30 September 2018 mainly due to additional purchase of investments and better stock market conditions.

Net foreign exchange adjustment (gain) loss

The Group had higher net foreign exchange adjustment gain for nine months ended 30 September 2019 as compared to nine months ended 30 September 2018 mainly due to strengthened Thai baht against Singapore dollar.

9. Income tax expense

Income tax expense decreased for third quarter and nine months ended 30 September 2019 as compared to corresponding periods in 2018 mainly due to deferred tax credits recognised in both the New Zealand subsidiary and a Singapore subsidiary.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>30 Sep 19</u>	<u>31 Dec 18</u>	<u>30 Sep 19</u>	<u>31 Dec 18</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Current assets					
Cash and bank balances	10	19,841	29,269	6,703	15,654
Financial assets at fair value through profit or loss	11	3,728	2,987	1,594	978
Financial assets at fair value through other comprehensive income		5,930	5,623	1,031	1,540
Trade receivables	12	2,392	3,083	948	978
Other receivables, deposits and prepaid expenses	13	8,095	1,458	133	101
Inventories	14	1,318	1,092	495	240
Income tax recoverable		178	3	-	-
Total current assets		<u>41,482</u>	<u>43,515</u>	<u>10,904</u>	<u>19,491</u>
Non-current assets					
Subsidiaries		-	-	201,470	184,315
Financial assets at fair value through other comprehensive income		19,832	19,849	17,084	17,066
Other assets		493	543	53	-
Goodwill		2,057	1,920	-	-
Property, plant and equipment		654,281	647,679	264,494	265,498
Investment properties		96,298	93,887	22,970	23,253
Total non-current assets		<u>772,961</u>	<u>763,878</u>	<u>506,071</u>	<u>490,132</u>
Total assets		<u>814,443</u>	<u>807,393</u>	<u>516,975</u>	<u>509,623</u>
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	15	6,443	7,875	-	-
Trade payables	16	3,512	3,987	2,103	1,726
Other payables	17	4,599	6,185	3,397	3,713
Income tax payable	18	1,437	2,716	453	1,618
Total current liabilities		<u>15,991</u>	<u>20,763</u>	<u>5,953</u>	<u>7,057</u>
Non-current liabilities					
Other payables		50	49	24,957	27,498
Retirement benefit obligations		824	772	-	-
Long-term bank loans	15	107,875	97,158	37,664	32,281
Deferred tax liabilities		18,830	19,301	990	989
Total non-current liabilities		<u>127,579</u>	<u>117,280</u>	<u>63,611</u>	<u>60,768</u>
Capital and reserves					
Share capital		150,665	150,665	150,665	150,665
Asset revaluation reserve		407,913	407,913	234,208	234,208
Employee benefit reserve		171	190	-	-
Fair value reserve	19	17,806	16,755	15,658	15,608
Translation reserve	20	1,721	123	-	-
Retained earnings		92,597	93,704	46,880	41,317
Total equity		<u>670,873</u>	<u>669,350</u>	<u>447,411</u>	<u>441,798</u>
Total liabilities and equity		<u>814,443</u>	<u>807,393</u>	<u>516,975</u>	<u>509,623</u>

10. Cash and bank balances

The decrease in cash and bank balances was mainly due to lower revenue and also deposit payment of S\$6.540 million (equivalent to RM19.7 million) made for the proposed acquisition of Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia.

11. Financial assets at fair value through profit or loss

The increase in financial assets at fair value through profit or loss was mainly due to additional purchase of investments.

12. Trade receivables

The decrease in trade receivables was mainly due to lower revenue.

13. Other receivables, deposits and prepaid expenses

The increase in other receivables, deposits and prepaid expenses was mainly due to presence of RM19.7 million deposits in the newly incorporated Malaysia subsidiary for the proposed acquisition of Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia.

14. Inventories

The increase in inventories was mainly due to purchase of guest and general supplies by the Company.

15. Bank loans

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

The decrease in current bank loans was mainly due to bank loan repayments made in the Thailand hotels. However, the increase in the long-term bank loans was mainly due to new loan drawdowns in both the Company and the New Zealand subsidiary, offset by bank loan repayments made in a Malaysia hotel.

16. Trade payables

The decrease in trade payables was mainly due to lower purchase in some of the Group's hotels and properties.

17. Other payables (current liabilities)

The decrease in current other payables was mainly due to balance payment of RM4 million made to complete the purchase of Baba Mansion in Melaka, Malaysia.

18. Income tax payable

The decrease in income tax payable was mainly due to lower income tax provisions and also tax payments made.

19. Fair value reserve

The increase in fair value reserve was mainly due to fair value gain on financial assets at fair value through other comprehensive income arising from additional purchase of investments and better stock market conditions.

20. Translation reserve

The increase in translation reserve to S\$1.721 million as at 30 September 2019 from S\$0.123 million as at 31 December 2018 was mainly due to translation gain on translating the net assets of Thailand subsidiaries into Singapore dollar as the Thai baht had strengthened against Singapore dollar, offset by translation loss on translating the net assets of New Zealand subsidiary into Singapore dollar as the New Zealand dollar 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 30 Sep 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
6,443	-	7,875	-

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

<u>As at 30 Sep 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
107,875	-	97,158	-

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**

	Group			
	<u>Third Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 Sep</u>		<u>30 Sep</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
Operating activities:				
Profit before income tax	2,886	2,726	6,288	7,614
Adjustments for:				
Depreciation	2,122	2,528	6,186	7,047
Dividend income	(151)	(131)	(274)	(349)
Interest income	(63)	(29)	(87)	(51)
Interest expense	1,069	1,008	3,210	3,295
Allowance for doubtful receivables	-	4	-	4
Write-back of allowance for doubtful receivables no longer required	1	-	(2)	-
Net fair value (gain) loss on financial assets at fair value through profit or loss	(15)	(4)	(113)	274
Loss (gain) on disposal of property, plant and equipment	1	1	3	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	5,850	6,103	15,211	17,830
Financial assets at fair value through other comprehensive income	158	414	147	543
Financial assets at fair value through profit or loss	(259)	(48)	(629)	401
Trade and other receivables	710	(76)	647	931
Inventories	(43)	(20)	(225)	(46)
Trade and other payables	(254)	32	(2,059)	(2,376)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	6,162	6,405	13,092	17,283
Interest paid	(1,069)	(1,008)	(3,210)	(3,295)
Interest received	63	29	87	51
Dividend received	151	131	274	349
Income tax paid - net of refund	(1,598)	(966)	(2,942)	(2,115)
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Net cash from operating activities	3,709	4,591	7,301	12,273
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Investing activities:				
Deposit payment for proposed acquisition of the Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia	-	-	(6,540)	-
Purchase of financial assets at fair value through other comprehensive income	(280)	(502)	(367)	(4,373)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	496	1,139	3,593
Purchase of property, plant and equipment	(1,919)	(849)	(4,907)	(2,323)
Addition to investment properties	(2,823)	(2,478)	(6,731)	(3,330)
Proceeds from disposal of property, plant and equipment	-	16	-	97
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(5,022)	(3,317)	(17,406)	(6,336)
	<hr/>	<hr/>	<hr/>	<hr/>

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

	<u>Group</u>			
	<u>Third Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 Sep</u>		<u>30 Sep</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financing activities:				
Fixed deposits pledged to banks	14	26	24	-
Net proceeds from rights issue	-	50,227	-	50,227
Proceeds from bank loans	1,512	-	10,773	3,000
Repayment of bank loans	(1,882)	(46,724)	(3,405)	(52,446)
Dividends paid	-	-	(6,042)	(4,200)
Net cash (used in) from financing activities	(356)	3,529	1,350	(3,419)
Net (decrease) increase in cash and cash equivalents	(1,669)	4,803	(8,755)	2,518
Cash and cash equivalents at beginning of period	20,296	16,000	28,189	17,248
Effect of currency exchange adjustment	158	51	(649)	1,088
Cash and cash equivalents at end of period	18,785	20,854	18,785	20,854

Cash and cash equivalents consist of:

	<u>As at 30 Sep</u>	
	<u>2019</u>	<u>2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	195	143
Cash at bank	12,698	16,066
Fixed deposits	6,948	5,725
	19,841	21,934
Less: Fixed deposits pledged to banks	(1,056)	(1,080)
Total	18,785	20,854

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

	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Employee benefit reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Group							
Balance at 1 January 2018	100,438	364,577	180	3,707	90	89,342	558,334
Effect on adoption of SFRS(I) 9	-	-	-	(503)	-	503	-
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	3,109	3,109
Other comprehensive income (loss) for the period	-	-	18	(735)	81	618	(18)
Total	-	-	18	(735)	81	3,727	3,091
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Balance at 30 June 2018	100,438	364,577	198	2,469	171	89,372	557,225
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	1,594	1,594
Other comprehensive income (loss) for the period	-	-	-	118	(1,090)	9	(963)
Total	-	-	-	118	(1,090)	1,603	631
Transactions with owners, recognised directly in equity							
Issue of new ordinary shares	50,400	-	-	-	-	-	50,400
Share issue expenses	(173)	-	-	-	-	-	(173)
Total	50,227	-	-	-	-	-	50,227
Balance at 30 September 2018	150,665	364,577	198	2,587	(919)	90,975	608,083

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

	<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
The Group							
Balance at 1 January 2019	150,665	407,913	190	16,755	123	93,704	669,350
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	2,366	2,366
Other comprehensive (loss) income for the period	-	-	(19)	1,209	1,712	-	2,902
Total	-	-	(19)	1,209	1,712	2,366	5,268
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(6,042)	(6,042)
Balance at 30 June 2019	150,665	407,913	171	17,964	1,835	90,028	668,576
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	2,569	2,569
Other comprehensive loss for the period	-	-	-	(158)	(114)	-	(272)
Total	-	-	-	(158)	(114)	2,569	2,297
Balance at 30 September 2019	150,665	407,913	171	17,806	1,721	92,597	670,873

1(d)(i) STATEMENTS 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
The Company					
Balance at 1 January 2018	100,438	213,108	759	38,355	352,660
Effect on adoption of SFRS(I) 9	-	-	(109)	109	-
Total comprehensive income for the period					
Profit for the period	-	-	-	2,540	2,540
Other comprehensive income for the period	-	-	18	-	18
Total	-	-	18	2,540	2,558
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
Balance at 30 June 2018	100,438	213,108	668	36,804	351,018
Total comprehensive income for the period					
Profit for the period	-	-	-	2,272	2,272
Other comprehensive income for the period	-	-	47	-	47
Total	-	-	47	2,272	2,319
Transactions with owners, recognised directly in equity					
Issue of new ordinary shares	50,400	-	-	-	50,400
Shares issue expenses	(173)	-	-	-	(173)
Total	50,227	-	-	-	50,227
Balance at 30 September 2018	150,665	213,108	715	39,076	403,564

1(d)(i) STATEMENTS 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
The Company					
Balance at 1 January 2019	150,665	234,208	15,608	41,317	441,798
Total comprehensive income for the period					
Profit for the period	-	-	-	3,288	3,288
Other comprehensive income for the period	-	-	94	232	326
Total	-	-	94	3,520	3,614
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(6,042)	(6,042)
Balance at 30 June 2019	150,665	234,208	15,702	38,795	439,370
Total comprehensive income (loss) for the period					
Profit for the period	-	-	-	8,085	8,085
Other comprehensive loss for the period	-	-	(44)	-	(44)
Total	-	-	(44)	8,085	8,041
Balance at 30 September 2019	150,665	234,208	15,658	46,880	447,411

1(d)(ii) SHARE CAPITAL

	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>
	<u>Number of ordinary shares</u>		<u>S\$'000</u>	<u>S\$'000</u>
	<u>'000</u>			
Issued and paid-up capital:				
Balance at beginning and end of period	<u>100.800</u>	<u>100.800</u>	<u>150.665</u>	<u>150.665</u>

There was no change in the share capital since the end of the previous period reported on.

Use of Rights Issue's Proceeds

Balance unutilized as at 30 June 2019 was S\$4.985 million.

There was no utilization of the balance of the rights issue's proceeds in 3Q2019.

S\$4 million was placed as short-term fixed deposit and S\$0.985 million was set aside for working capital as at 30 September 2019.

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 such subsidiary holdings during and as at the end of the current financial period reported on.

2 AUDIT

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

3 AUDITORS' REPORT

Not applicable.

4 ACCOUNTING POLICIES

The same accounting policies and methods of computation have been applied in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2018.

5 CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policy which has a material effect on the results and financial position of the Group and of the Company for the current and the previous financial periods.

6 EARNINGS PER ORDINARY SHARE (EPS)

	Third Quarter Ended 30 Sep		Group Nine Months Ended 30 Sep	
	2019	2018	2019	2018
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	2.55 cents	1.78 cents	4.90 cents	5.25 cents
- on a fully diluted basis	2.55 cents	1.78 cents	4.90 cents	5.25 cents

Basic earnings per share is calculated based on the Group's profit of S\$2.569 million and S\$4.935 million respectively (2018: S\$1.594 million and S\$4.703 million respectively) after income tax expense divided by 100.800 million (2018: 89.496 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)

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
NAV per share based on issued number of shares as at the end of the respective period	S\$6.66	S\$6.64	S\$4.44	S\$4.38

The NAV per share as at 30 September 2019 and 31 December 2018 were calculated based on the number of shares in issue of 100.800 million ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Third quarter 2019 vs Third quarter 2018

The Group's revenue for third quarter 2019 increased slightly by 0.3% to S\$14.857 million as compared to S\$14.807 million in 2018.

The Group's profit after income tax for third quarter 2019 increased by 61.2% to S\$2.569 million from S\$1.594 million in 2018 mainly due to lower income tax expense.

Nine Months ended 30 Sep 2019 vs Nine Months ended 30 Sep 2018

The Group's revenue for nine months ended 30 September 2019 decreased by 5.9% to S\$42.771 million from S\$45.441 million in 2018 mainly due to lower room revenue, lower food and beverage revenue, lower spa revenue and lower rental income from investment properties.

The Group's profit after income tax for nine months ended 30 September 2019 increased by 4.9% to S\$4.935 million from S\$4.703 million in 2018 mainly due to lower income tax expense offset by lower revenue.

In the opinion of the Directors, no transaction has arisen between 30 September 2019 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

9 VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

Not applicable.

10 OUTLOOK

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

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

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

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

11 DIVIDEND

(a) Current Financial Period Reported On

No interim dividend is recommended for the current third quarter ended 30 September 2019.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The Group's practice is to consider declaring dividend on an annual basis. Therefore, there was no interim dividend declared for the third quarter ended 30 September 2019.

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 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

8 November 2019