



HOTEL ROYAL LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No. 196800298G)

1 UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the fourth quarter and financial year ended 31 December 2017.

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

	Notes	<u>Group</u>					
		<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
		<u>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>	
Revenue	1	15,490	15,104	2.6	61,483	58,704	4.7
Cost of sales	2	(9,355)	(7,288)	28.4	(30,326)	(27,816)	9.0
Gross profit		6,135	7,816	(21.5)	31,157	30,888	0.9
Other income	3	639	1,131	(43.5)	1,941	1,985	(2.2)
Distribution costs	4	67	(190)	n.m.	(1,126)	(961)	17.2
Administrative expenses	5	(1,245)	(2,124)	(41.4)	(12,892)	(13,693)	(5.8)
Other expenses	6	(2,899)	(1,681)	72.5	(3,382)	(2,649)	27.7
Finance cost	7	(1,150)	(1,106)	4.0	(4,498)	(4,644)	(3.1)
Profit before income tax	8	1,547	3,846	(59.8)	11,200	10,926	2.5
Income tax expense	9	(1,333)	(993)	34.2	(3,629)	(3,191)	13.7
Profit for the year attributable to owners of the Company		214	2,853	(92.5)	7,571	7,735	(2.1)

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

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit for the year	214	2,853	7,571	7,735
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in valuation of freehold land - hotels	10,295	1,890	10,295	1,890
Income tax relating components of other comprehensive income that will not be reclassified subsequently	97	(65)	97	(65)
Total	10,392	1,825	10,392	1,825
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value gain recognised in fair value reserve	1,582	109	2,321	384
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	(1,281)	(60)	(689)	(39)
Net fair value changes on available-for-sale financial assets	301	49	1,632	345
Re-measurement of defined benefit obligation	(18)	27	(18)	27
Exchange differences arising on consolidation	11	671	90	1,663
Total	294	747	1,704	2,035
Other comprehensive income for the period	10,686	2,572	12,096	3,860
Total comprehensive income for the year attributable to owners of the Company	10,900	5,425	19,667	11,595

Notes

1. Revenue

Revenue comprises the following:

	<u>Group</u>					
	<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
	<u>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	9,128	8,997	1.5	36,184	35,087	3.1
Food and beverage revenue	2,475	2,150	15.1	9,840	8,712	12.9
Spa revenue	311	254	22.4	1,281	1,010	26.8
Rental income from:						
Investment properties	2,218	2,330	(4.8)	8,769	8,706	0.7
Within hotel premises	740	752	(1.6)	2,973	2,892	2.8
Car park revenue	318	374	(15.0)	1,297	1,399	(7.3)
Interest income from outside	8	46	(82.6)	67	134	(50.0)
Dividend income from:						
Quoted equity investments	89	61	45.9	408	343	19.0
Unquoted	-	36	(100.0)	40	36	11.1
Others	203	104	95.2	624	385	62.1
Total	15,490	15,104	2.6	61,483	58,704	4.7

Room revenue

Group room revenue increased by 1.5% and 3.1% respectively for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 mainly due to higher room occupancy in Hotel Royal Bangkok @ Chinatown.

Food and beverage revenue

The increase in food and beverage revenue for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to higher food and beverage sales in Hotel Royal Bangkok @ Chinatown.

Rental income from investment properties

The decrease in rental income from investment properties for fourth quarter 2017 as compared to fourth quarter 2016 was mainly due to lower occupancy in Singapore properties. However, rental income from investment properties increased for financial year ended 31 December 2017 as compared to financial year ended 31 December 2016 mainly due to higher occupancy in New Zealand properties.

2. Cost of sales

The increase in cost of sales for fourth quarter and financial year ended 31 December 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 gain on disposal of available-for-sale investments, foreign exchange gain, miscellaneous other income, fair value gain on held-for-trading investments and write back of allowance for doubtful receivables no longer required.

The decrease in other income for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to absence of write back of prior years' impairment losses on hotel building and investment property offset by higher gain on disposal of available-for-sale investments.

4. Distribution costs

The increase in distribution costs for financial year ended 31 December 2017 as compared to financial year ended 31 December 2016 was mainly due to higher sales commission expenses.

5. Administrative expenses

The decrease in administrative expenses for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to lower overhead expenses.

6. Other expenses

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

The increase in other expenses for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to impairment loss on leasehold land and building offset by lower impairment loss on available-for-sale investments resulted from strengthened stock market conditions.

7. Finance cost

The increase in finance cost for fourth quarter 2017 as compared to fourth quarter 2016 was mainly due to higher interest rates. However, finance cost decreased for financial year ended 31 December 2017 as compared to financial year ended 31 December 2016 mainly due to repayments of bank loans.

8. Profit before income tax

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

	<u>Group</u>					
	<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
	<u>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	2,531	1,756	44.1	9,023	8,887	1.5
Impairment loss on available-for-sale investments	2	28	(92.9)	16	254	(93.7)
Impairment loss on leasehold land and building	775	-	100.0	775	-	100.0
Allowance for doubtful receivables	75	83	(9.6)	77	84	(8.3)
Write back of allowance for doubtful receivable no longer required	(136)	(174)	(21.8)	(150)	(183)	(18.0)
Bad debt expense	77	-	100.0	33	-	100.0
Fair value loss (gain) on held-for-trading investments	36	90	(60.0)	(46)	84	n.m.
Net foreign exchange adjustment gain	(340)	(341)	(0.3)	(157)	(271)	(42.1)
Gain on disposal of available-for-sale investments	(82)	(3)	>100	(689)	(54)	>100
Loss (gain) on disposal of property, plant and equipment	8	(1)	n.m.	12	(73)	n.m.
Write back of prior years' impairment loss on investment property	-	(285)	(100.0)	-	(285)	(100.0)
Write back of prior year's impairment loss on hotel building	-	(813)	(100.0)	-	(813)	(100.0)
Allowance for diminution in value of unquoted investment	-	15	(100.0)	-	15	(100.0)

Depreciation

Depreciation expenses increased for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 mainly due to purchase of additional plant and equipment.

Impairment loss on available-for-sale investments

The decrease in impairment loss on available-for-sale investments for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to strengthened stock market conditions.

Impairment loss on leasehold land and building

Impairment loss on leasehold land and building arose from a property in Malaysia.

Allowance for doubtful receivables

The decrease in allowance for doubtful receivables for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to lower exposure to doubtful receivables in current year.

Write back of allowance for doubtful receivables no longer required

The decrease in write back of allowance for doubtful receivables no longer required for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to less debt collection in current year.

Net foreign exchange adjustment gain

The Group made lower net foreign exchange adjustment gain for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 mainly due to 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 fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 was mainly due to more disposal of investments in current year.

9. **Income tax expense**

Income tax expense as a percentage of pre-tax profit increased for fourth quarter and financial year ended 31 December 2017 as compared to corresponding periods in 2016 mainly due to higher taxable income in Burasari Resort.

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

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 17</u>	<u>31 Dec 16</u>	<u>31 Dec 17</u>	<u>31 Dec 16</u>
		<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
<u>ASSETS</u>					
Current assets					
Cash and bank balances	10	18,328	14,721	1,464	2,291
Held-for-trading investments	11	7,706	6,268	1,272	599
Available-for-sale investments	12	9,053	8,119	2,086	1,720
Trade receivables		3,542	3,629	1,288	1,130
Other receivables, deposits and prepaid expenses		1,449	1,363	107	216
Inventories		861	770	108	45
Tax recoverable		11	4	-	-
Total current assets		40,950	34,874	6,325	6,001
Non-current assets					
Subsidiaries		-	-	180,585	169,130
Available-for-sale investments	12	4,268	3,435	1,186	1,055
Other assets		830	1,147	-	-
Goodwill		1,875	1,829	-	-
Property, plant and equipment	13	605,718	590,216	245,610	243,772
Investment properties	14	91,222	94,390	23,638	24,022
Total non-current assets		703,913	691,017	451,019	437,979
Total assets		744,863	725,891	457,344	443,980
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	15	16,929	13,805	-	-
Trade payables		3,274	3,587	2,021	2,036
Other payables	16	5,964	4,580	2,515	2,249
Current portion of finance lease		-	42	-	-
Income tax payable		2,564	2,591	1,444	1,156
Total current liabilities		28,731	24,605	5,980	5,441
Non-current liabilities					
Other payables	16	1,733	95	23,890	23,274
Retirement benefit obligations		773	663	-	-
Long-term bank loans	15	135,842	137,858	74,064	66,864
Deferred tax liabilities		19,450	19,803	750	562
Total non-current liabilities		157,798	158,419	98,704	90,700

1(b)(i) STATEMENTS OF FINANCIAL POSITION (Cont'd)

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 17</u>	<u>31 Dec 16</u>	<u>31 Dec 17</u>	<u>31 Dec 16</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Capital and reserves					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve	17	364,577	354,185	213,108	210,108
Employee benefit reserve		180	198	-	-
Fair value reserve	18	3,707	2,075	759	465
Translation reserve		(12,870)	(12,960)	-	-
Retained earnings		102,302	98,931	38,355	36,828
Total equity		<u>558,334</u>	<u>542,867</u>	<u>352,660</u>	<u>347,839</u>
Total liabilities and equity		<u>744,863</u>	<u>725,891</u>	<u>457,344</u>	<u>443,980</u>

Notes

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 mainly arose from 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 resulted from strengthened stock market conditions.

13. Property, Plant and Equipment

The increase in property, plant and equipment was mainly due to acquisition of Baba Mansion in Baba Residences offset by its impairment loss on leasehold land and building.

14. Investment properties

The decrease in investment properties mainly arose from translation loss on New Zealand investment properties as a result of weakened New Zealand dollar against Singapore dollar offset by its capitalized work-in-progress building.

15. Bank loans

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

The increase in short-term bank loans was mainly due reclassification of a long-term bank loan to short-term bank loan in a Malaysia hotel. Meanwhile, long-term bank loans also decreased mainly due to repayment of bank loans offset by drawdown of new loans.

16. Other payables

Other payables consist of current and non-current portion.

The increase in current portion of other payables was mainly due to the higher accrued expenses and the recognition of deferred income relating to grants received on purchase of plant and equipment in a Singapore hotel.

The increase in non-current portion of other payables 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 (Baba Mansion) 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.

17. Asset revaluation reserve

The increase in asset revaluation reserve mainly arose from fair value gain on Group's hotel lands.

18. Fair value reserve

The increase in fair value reserve mainly arose from 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 31 Dec 2017</u>		<u>As at 31 Dec 2016</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
16,929	-	13,805	-

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

<u>As at 31 Dec 2017</u>		<u>As at 31 Dec 2016</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
135,842	-	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 fourth quarter and financial year ended 31 December

	<u>Group</u>			
	<u>Fourth Quarter Ended</u>		<u>Financial Year Ended</u>	
	<u>31 Dec</u>		<u>31 Dec</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Operating activities:				
Profit before income tax	1,547	3,846	11,200	10,926
Adjustments for:				
Depreciation expense	2,531	1,756	9,023	8,887
Dividend income	(89)	(96)	(448)	(378)
Interest income	(8)	(46)	(67)	(134)
Interest expense	1,150	1,106	4,498	4,644
Gain on disposal of available-for-sale investments	(82)	(3)	(689)	(54)
Fair value loss (gain) on held-for-trading investments	36	90	(46)	84
Allowance for doubtful receivables	75	83	77	84
Write back of allowance for doubtful receivables no longer required	(136)	(174)	(150)	(183)
Bad debt expense	77	-	33	-
Impairment loss on available-for sale investment	2	28	16	254
Impairment loss on leasehold land and building	775	-	775	-
Loss (gain) on disposal of property, plant and equipment	8	(1)	12	(73)
Write back of prior years' impairment loss on investment property	-	(285)	-	(285)
Write back of prior years' impairment loss on hotel buildings	-	(813)	-	(813)
Allowance for diminution in value of unquoted investment	-	15	-	15
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	5,886	5,506	24,234	22,974
Available-for-sale investments	(245)	(168)	-	(127)
Held-for-trading investments	59	(62)	(1,392)	(2,609)
Trade and other receivables	506	(44)	408	697
Inventories	83	(43)	(91)	2
Trade and other payables	177	127	2,022	(573)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	6,466	5,316	25,181	20,364
Interest paid	(1,150)	(1,106)	(4,498)	(4,644)
Interest received	8	46	67	134
Dividend received	89	96	448	378
Income tax paid – net of refund	(859)	(206)	(3,385)	(2,970)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	4,554	4,146	17,813	13,262

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

	Group			
	Fourth Quarter Ended		Financial Year Ended	
	31 Dec		31 Dec	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Investing activities:				
Purchase of available-for-sale investments	(70)	(45)	(2,858)	(740)
Proceeds from disposal of available-for-sale Investments	63	(5)	3,396	1,108
Proceeds from disposal of property, plant & Equipment	64	63	100	156
Purchase of property, plant and equipment (Note A)	(1,952)	(1,372)	(9,217)	(5,529)
Addition of investment properties	(719)	248	(899)	(139)
	<u>(2,614)</u>	<u>(1,111)</u>	<u>(9,478)</u>	<u>(5,144)</u>
Net cash used in generated from investing activities				
Financing activities:				
Proceeds from bank loans	-	8,388	8,761	11,911
Repayment of bank loans	(1,562)	(11,441)	(9,044)	(17,934)
Fixed deposit pledged to banks	(448)	8	(448)	8
Repayment of finance lease	-	(19)	(42)	(43)
Dividends paid	-	-	(4,200)	(4,200)
	<u>(2,010)</u>	<u>(3,064)</u>	<u>(4,973)</u>	<u>(10,258)</u>
Net cash used in financing activities				
Net increase (decrease) in cash and cash equivalents	(70)	(29)	3,362	(2,140)
Cash and cash equivalents at beginning of period	17,128	13,819	14,089	16,397
Effect of currency exchange adjustment	(190)	299	(203)	(168)
	<u>17,248</u>	<u>14,089</u>	<u>17,248</u>	<u>14,089</u>
Cash and cash equivalents at end of period				

Note A: In 2016, the Group acquired property, plant and equipment with aggregate cost of S\$5.579 million of which S\$50k was acquired under finance lease agreement.

Cash and cash equivalents consist of:

	Group	
	31 Dec	31 Dec
	2017	2016
	S\$'000	S\$'000
Cash on hand	166	156
Cash at bank	16,462	13,338
Fixed deposits	1,700	1,227
	<u>18,328</u>	<u>14,721</u>
Less: Fixed deposits pledged	(1,080)	(632)
	<u>17,248</u>	<u>14,089</u>
Total		

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

	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Employee benefit reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Translation reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
The Group							
Balance at 1 January 2016	100,438	352,360	171	1,730	(14,623)	95,396	535,472
Dividend	-	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	-	296	992	4,882	6,170
Balance at 30 September 2016	100,438	352,360	171	2,026	(13,631)	96,078	537,442
Total comprehensive income for the period	-	1,825	27	49	671	2,853	5,425
Balance at 31 December 2016	100,438	354,185	198	2,075	(12,960)	98,931	542,867
Balance at 1 January 2017	100,438	354,185	198	2,075	(12,960)	98,931	542,867
Dividend	-	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	-	1,331	79	7,357	8,767
Balance at 30 September 2017	100,438	354,185	198	3,406	(12,881)	102,088	547,434
Total comprehensive income for the period	-	10,392	(18)	301	11	214	10,900
Balance at 31 December 2017	100,438	364,577	180	3,707	(12,870)	102,302	558,334

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

	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Company					
Balance at 1 January 2016	100,438	210,108	460	34,066	345,072
Dividend	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	145	5,465	5,610
Balance at 30 September 2016	100,438	210,108	605	35,331	346,482
Total comprehensive income for the period	-	-	(140)	1,497	1,357
Balance at 31 December 2016	100,438	210,108	465	36,828	347,839
Balance at 1 January 2017	100,438	210,108	465	36,828	347,839
Dividend	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	267	5,124	5,391
Balance at 30 September 2017	100,438	210,108	732	37,752	349,030
Total comprehensive income for the period	-	3,000	27	603	3,630
Balance at 31 December 2017	100,438	213,108	759	38,355	352,660

1(d)(ii) SHARE CAPITAL

	<u>The Group and the Company</u>			
	<u>31 Dec 2017</u>	<u>31 Dec 2016</u>	<u>31 Dec 2017</u>	<u>31 Dec 2016</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
Issued and paid-up capital:				
Balance at beginning and end of period	<u>84,000</u>	<u>84,000</u>	<u>100,438</u>	<u>100,438</u>

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

1(d)(iii) TREASURY SHARES

There were no treasury shares.

1(d)(iv) A STATEMENT SHOWING ALL SALES, TRANSFERERS, CANCELLATION AND/OR USE OF SUBSIDIARY HOLDINGS AS AT THE END OF THE CURRENT 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 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 financial 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>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
EPS (based on consolidated profit after taxation)				
- on weighted average number of shares	0.25 cents	3.40 cents	9.01 cents	9.21 cents
- on a fully diluted basis	0.25 cents	3.40 cents	9.01 cents	9.21 cents

Basic earnings per share is calculated based on the Group's profit for fourth quarter and financial year ended 31 December 2017 of S\$0.214 million and S\$7.571 million respectively (2016: S\$2.853 million and S\$7.735 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>31 Dec 2017</u>	<u>31 Dec 2016</u>	<u>31 Dec 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\$6.65	S\$6.46	S\$4.20	S\$4.14

The NAV per share as at 31 December 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

Fourth quarter 2017 vs. Fourth quarter 2016

The Group's revenue for fourth quarter increased by 2.6% or S\$0.386 million for fourth quarter 2017 as compared to fourth quarter 2016 mainly due to higher room revenue and higher food and beverage revenue in Hotel Royal Bangkok @ Chinatown.

The Group's profit after income tax decreased by 92.5% or S\$2.639 million for fourth quarter 2017 as compared to fourth quarter 2016 mainly due to higher operating expenses.

Financial year ended 2017 vs. Financial year ended 2016

The Group's revenue increased by 4.7% or S\$2.779 million for financial year ended 31 December 2017 as compared to financial year ended 31 December 2016 mainly due to higher room revenue and higher food and beverage revenue in Hotel Royal Bangkok @ Chinatown.

The Group's profit after income tax decreased by 2.1% or S\$0.164 million for financial year ended 31 December 2017 as compared to financial year ended 31 December 2016. Adjusting for the impairment loss on leasehold land and building and the write back of prior years' impairment losses on hotel building and investment property in 2016, the adjusted profit after income tax for financial year ended 31 December 2017 would be as follows:

	<u>2017</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>	<u>±(-)</u> <u>S\$'000</u>	<u>±(-)</u> <u>%</u>
Profit after income tax	7,571	7,735	(164)	(2.1)
- Impairment loss on leasehold land and building of Baba Mansion in Baba Residences	775	-	775	100.0
- Write back of prior years' impairment loss of investment property in Royal Residences	-	(285)	285	(100.0)
- Write back of prior years' impairment loss on hotel building in Hotel Royal Bangkok @ Chinatown	-	(813)	813	(100.0)
	<u>775</u>	<u>(1,098)</u>	<u>1,873</u>	<u>n.m.</u>
	<u>8,346</u>	<u>6,637</u>	<u>1,709</u>	<u>25.7</u>

The 25.7% or S\$1.709 million increase in Group's adjusted profit after income tax for the financial year ended 31 December 2017 as compared to financial year ended 31 December 2016 was mainly due to higher revenue in Hotel Royal Bangkok @ Chinatown.

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

The growth prospect for Singapore tourism and hospitality sector remain positive with presence of increased air connectivity, more affordable travel and relaxation of visa requirements. With rising competition from increased room inventory, the Group expects to meet more challenges ahead. Going forward, we will continue to monitor our room occupancy and room rates, enhance our customer experiences, upgrade our hotel properties and explore more investment opportunities, in order to maximize our shareholder income and enlarge our 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 such as possibility of financial stress, increased protectionism and rising geopolitical tensions.

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

11 DIVIDEND

(a) Current Financial Period Reported On

First and Final Dividend

The following dividend is proposed for the financial year ended 31 December 2017:

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

(b) Corresponding Period of the Immediately Preceding Financial Year

First and Final Dividend

The following dividend was declared for the financial year ended 31 December 2016:

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

(c) Date payable

To be announced.

(d) Books closure date

To be announced.

OPERATING SEGMENT

The Group is primarily engaged in the following operations:

- Owning and operating hotels and providing ancillary services (“hotel operation”)
- Owning and letting out investment properties (“property investment”)
- Holding financial investments which comprise financial assets such as shares, bonds, funds and other financial products, to generate a stable stream of income through interest and dividends, and also for potential capital appreciation (“financial investment”)

I. Revenue

	External		Inter-segment		Total	
	<u>2017</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>	<u>2017</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>	<u>2017</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>
Hotel operation						
Singapore	25,462	25,856	-	-	25,462	25,856
Malaysia	8,741	8,998	-	-	8,741	8,998
Thailand	17,187	13,692	-	-	17,187	13,692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	51,390	48,546	-	-	51,390	48,546
Property investment						
Singapore	1,397	1,809	117	116	1,514	1,925
New Zealand	7,270	6,997	-	-	7,270	6,997
Malaysia	911	839	-	-	911	839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,578	9,645	117	116	9,695	9,761
Financial investment	515	513	1,426	1,410	1,941	1,923
Total	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	61,483	58,704	1,543	1,526	63,026	60,230

II. Net profit

	Net profit(loss) for the year	
	<u>2017</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>
Hotel operation		
Singapore	6,612	7,160
Malaysia	(1,767)	(1,346)
Thailand	4,614	3,410
	<hr/>	<hr/>
	9,459	9,224
	<hr/>	<hr/>
Property investment		
Singapore	1,092	1,739
New Zealand	3,632	3,691
Malaysia	658	726
	<hr/>	<hr/>
	5,382	6,156
	<hr/>	<hr/>
Financial investment	857	190
	<hr/>	<hr/>
Total	15,698	15,570
Finance cost	(4,498)	(4,644)
	<hr/>	<hr/>
Profit before income tax	11,200	10,926
Income tax expense	(3, 629)	(3,191)
	<hr/>	<hr/>
Profit after income tax	7,571	7,735
	<hr/>	<hr/>

III. Segment assets and liabilities

	Segment assets		Segment liabilities	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	457,830	447,704	3,541	3,163
Malaysia	54,925	50,092	2,273	1,422
Thailand	107,029	103,240	3,401	3,312
	619,784	601,036	9,215	7,897
Property investment				
Singapore	27,166	30,155	166	198
New Zealand	59,348	60,078	523	490
Malaysia	14,860	14,376	318	318
	101,374	104,609	1,007	1,006
Financial investment	21,994	19,015	20	21
Total	743,152	724,660	10,242	8,924
Unallocated items	1,711	1,231	176,287	174,100
Consolidated total	744,863	725,891	186,529	183,024

IV. Other segment information

	Depreciation		Additions to non-current assets	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	3,210	3,323	938	2,742
Malaysia	2,177	2,032	7,774	1,562
Thailand	2,342	2,220	505	1,086
	<hr/>	<hr/>	<hr/>	<hr/>
	7,729	7,575	9,217	5,390
	<hr/>	<hr/>	<hr/>	<hr/>
Property investment				
Singapore	444	468	-	189
New Zealand	676	663	897	139
Malaysia	174	181	2	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,294	1,312	899	328
	<hr/>	<hr/>	<hr/>	<hr/>
Financial investment	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9,023	8,887	10,116	5,718
	<hr/>	<hr/>	<hr/>	<hr/>

V. Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial investments) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	27,364	28,136	482,587	452,381
Malaysia	9,662	9,869	67,167	84,596
New Zealand	7,270	7,007	53,539	56,683
Thailand	17,187	13,692	100,620	97,357
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>61,483</u>	<u>58,704</u>	<u>703,913</u>	<u>691,017</u>

13 REVIEW OF SEGMENT PERFORMANCE

The net profit for hotel operation segment increased by S\$0.235 million or 2.5% from S\$9.224 million in 2016 to S\$9.459 million in 2017. This was mainly due to better performance by Thailand hotels offset by lower contribution from both Singapore and Malaysia hotels.

The net profit for property investment segment decreased by S\$0.774 million or 12.6% from S\$6.156 million in 2016 to S\$5.382 million in 2017. This was mainly due lower occupancy from properties in Singapore, Malaysia and New Zealand.

The net profit for financial investment increased by 351.1% or S\$0.667 million from S\$0.190 million in 2016 to S\$0.857 million in 2017. This was mainly due to higher gain on disposal of available-for-sale investments.

14 BREAKDOWN OF SALES

	<u>Group</u>		<u>+ / (-)</u>
	<u>2017</u>	<u>2016</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<u>Revenue reported for:</u>			
1 st Quarter	16,166	15,219	6.2
2 nd Quarter	14,127	13,291	6.3
3 rd Quarter	15,700	15,090	4.0
4 th Quarter	15,490	15,104	2.6
Total	<u>61,483</u>	<u>58,704</u>	<u>4.7</u>
<u>Profit for the year attributable to equity holders of the Company:</u>			
1 st Quarter	3,185	2,179	46.2
2 nd Quarter	1,284	469	>100
3 rd Quarter	2,888	2,234	29.3
4 th Quarter	214	2,853	(92.5)
Total	<u>7,571</u>	<u>7,735</u>	<u>(2.1)</u>

15 TOTAL ANNUAL DIVIDEND

	<u>2017</u> <u>S\$'000</u>	<u>2016</u> <u>S\$'000</u>
Ordinary		
Interim	-	-
Final	4,200	4,200
	<u>4,200</u>	<u>4,200</u>

16 INTERESTED PERSON TRANSACTIONS

There were no interested person transactions of S\$100,000 or more for the period under review. The Group does not have a mandate from its shareholders for interested person transactions.

17 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.

PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Lee Chou Hock (BAcc, MBA)	64	Nephew of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the group in 1985. Presently the Chief Executive Officer of the Company. His duties include the general management of the Company and Group.	Nil
Mrs. Wong Siew Choo	72	Sister of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the Company in 1973. Presently the Revenue Controller of the Company and alternate Company Secretary (since 2 August 1975). Her duties include the overall supervision of the Company's cash management and credit control.	Nil
Mr. Lee Chu Bing (BA)	38	Son of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the group in 2004. Presently the General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd. His duties include the general management of Hotel Royal @ Queens (Singapore) Pte Ltd.	Nil

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

1 March 2018