



# 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 2019

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 2019.

### 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>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>	
Revenue	1	14,919	14,639	1.9	57,690	60,080	(4.0)
Cost of sales	2	(9,815)	(8,677)	13.1	(30,365)	(29,836)	1.8
Gross profit		5,104	5,962	(14.4)	27,325	30,244	(9.7)
Other income	3	685	223	>100	1,753	954	83.8
Distribution costs	4	196	414	(52.7)	(1,185)	(1,218)	(2.7)
Administrative expenses	5	(2,264)	(2,028)	11.6	(13,052)	(12,815)	1.8
Other expenses	6	(794)	(940)	(15.5)	(2,416)	(2,625)	(8.0)
Finance cost	7	(838)	(933)	(10.2)	(4,048)	(4,228)	(4.3)
Profit before income tax	8	2,089	2,698	(22.6)	8,377	10,312	(18.7)
Income tax expense	9	(2,162)	(459)	>100	(3,515)	(3,370)	4.3
(Loss) Profit for the year attributable to owners of the Company		(73)	2,239	n.m.	4,862	6,942	(30.0)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER 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>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>
(Loss) Profit for the period	(73)	2,239	n.m.	4,862	6,942	(30.0)
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Net fair value (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(1,039)	(218)	>100	12	(208)	n.m.
Re-measurement of defined benefit obligation	(16)	(8)	100.0	(35)	10	n.m.
Increase in valuation of freehold land – hotels	17,367	43,336	(59.9)	17,367	43,336	(59.9)
Deferred tax relating to revaluation on freehold land	(811)	-	100.0	(811)	-	100.0
<b>Total</b>	<b>15,501</b>	<b>43,110</b>	<b>(64.0)</b>	<b>16,533</b>	<b>43,138</b>	<b>(61.7)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations	2,068	1,042	98.5	3,666	33	>100
<b>Total</b>	<b>2,068</b>	<b>1,042</b>	<b>98.5</b>	<b>3,666</b>	<b>33</b>	<b>&gt;100</b>
Other comprehensive income for the period, net of tax	17,569	44,152	(60.2)	20,199	43,171	(53.2)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>17,496</b>	<b>46,391</b>	<b>(62.3)</b>	<b>25,061</b>	<b>50,113</b>	<b>(50.0)</b>

n.m.: not meaningful

## 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>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	9,280	8,582	8.1	35,907	36,502	(1.6)
Food and beverage revenue	2,244	2,186	2.7	8,913	9,422	(5.4)
Spa revenue	239	247	(3.2)	971	1,218	(20.3)
Car park revenue	315	333	(5.4)	1,305	1,217	7.2
Property investments - Rental income from:						
- Investment properties	1,782	1,916	(7.0)	6,964	7,689	(9.4)
- Premises within hotels	679	726	(6.5)	2,770	2,904	(4.6)
Financial investments:						
Interest income from investments	(18)	18	n.m.	69	69	-
Dividend income from:						
- Quoted equity investments	45	66	(31.8)	224	371	(39.6)
- Unquoted equity investments	-	-		95	44	>100
Others	353	565	(37.5)	472	644	(26.7)
<b>Total</b>	<b>14,919</b>	<b>14,639</b>	<b>1.9</b>	<b>57,690</b>	<b>60,080</b>	<b>(4.0)</b>

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

Group room revenue increased by 8.1% for fourth quarter 2019 as compared to fourth quarter 2018 mainly due to higher room occupancy and upward adjustment of room rates in some of the Group's hotels. The improved 4Q 2019's room revenue narrowed the full year's revenue decline to 1.6%. The 1.6% decline was mainly due to room lower occupancy and downward adjustment of room rates in some of the Group's hotels.

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

The decrease of 5.4% for financial year ended 31 December 2019 as compared to corresponding period in 2018 was mainly due to lower breakfast sales in some of the Group's hotels.

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

The decrease in rental income from investment properties for both fourth quarter 2019 and financial year ended 31 December 2019 as compared to corresponding period in 2018 was mainly due to lower occupancy in both the Singapore and New Zealand investment properties.

**2. Cost of sales**

The increase in cost of sales for both fourth quarter 2019 and financial year ended 31 December 2019 as compared to corresponding periods in 2018 was mainly due to higher costs in some of the Group's hotels and properties.

**3. Other income**

Other income comprises mainly of foreign exchange gain, fair value gain on financial assets at fair value through profit or loss, write back of prior years' impairment loss on leasehold land and other miscellaneous income.

Other income increased for both fourth quarter 2019 and financial year ended 31 December 2019 as compared to corresponding periods in 2018 mainly due to higher foreign exchange gain and presence of write back of prior years' impairment loss on leasehold land.

**4. Distribution costs**

Distribution costs decreased for both fourth quarter 2019 and financial year ended 31 December 2019 as compared to corresponding periods in 2018 mainly due to lower sales commission expenses.

**5. Administrative expenses**

Administrative expenses increased for both fourth quarter 2019 and financial year ended 31 December 2019 as compared to corresponding periods in 2018 mainly due to higher overhead expenses.

**6. Other expenses**

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

Other expenses decreased for both fourth quarter 2019 and financial year ended 31 December 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.

**7. Finance cost**

Finance cost decreased for both fourth quarter 2019 and financial year ended 31 December 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>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</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	2,067	1,633	26.6	8,253	8,680	(4.9)
Allowance for doubtful receivables	12	66	(81.8)	12	70	(82.9)
Write back of allowance for doubtful receivable no longer required	-	(87)	(100.0)	(2)	(87)	(97.7)
Bad debt expense	-	4	(100.0)	-	4	(100.0)
Net fair value loss (gain) on financial assets at fair value through profit or loss	20	159	(87.4)	(93)	433	n.m.
Net foreign exchange adjustment gain	(199)	(17)	>100	(978)	(276)	>100
Write back of prior years' impairment loss on leasehold land	(77)	-	100.0	(77)	-	100.0
(Gain) Loss on disposal of property, plant and equipment	(1)	(17)	(94.1)	2	(21)	n.m.

n.m.: not meaningful

### ***Depreciation***

Depreciation decreased for financial year ended 31 December 2019 as compared to same period in 2018 mainly due to some fully depreciated fixed assets in a Singapore hotel.

### ***Net fair value loss (gain) 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 financial year ended 31 December 2019 as opposed to net fair value loss in 2018 mainly arising from better stock market conditions.

### ***Net foreign exchange adjustment gain***

The Group had higher net foreign exchange adjustment gain for fourth quarter 2019 and financial year ended 31 December 2019 as compared to corresponding periods in 2018 mainly due to strengthened Thai baht against Singapore dollar.

## 9. Income tax expense

Income tax expense as a percentage of pre-tax profit increased for both fourth quarter 2019 and financial year ended 31 December 2019 as compared to corresponding periods in 2018 mainly due to higher deferred tax expenses recognised in Malaysia subsidiaries.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 19</u>	<u>31 Dec 18</u>	<u>31 Dec 19</u>	<u>31 Dec 18</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and bank balances	10	20,903	29,269	7,732	15,654
Financial assets at fair value through profit or loss	11	3,725	2,987	1,566	978
Financial assets at fair value through other comprehensive income	12	6,378	5,623	1,068	1,540
Trade receivables		2,755	3,083	647	978
Other receivables, deposits and prepaid expenses	13	9,270	1,458	352	101
Inventories		1,106	1,092	276	240
Tax recoverable		4	3	-	-
<b>Total current assets</b>		<u>44,141</u>	<u>43,515</u>	<u>11,641</u>	<u>19,491</u>
<b>Non-current assets</b>					
Subsidiaries		-	-	198,956	184,315
Financial assets at fair value through other comprehensive income	12	18,332	19,849	15,470	17,066
Other assets		503	543	74	-
Goodwill		2,057	1,920	-	-
Property, plant and equipment		671,464	647,679	273,975	265,498
Investment properties	14	102,077	93,887	22,876	23,253
<b>Total non-current assets</b>		<u>794,433</u>	<u>763,878</u>	<u>511,351</u>	<u>490,132</u>
<b>Total assets</b>		<u>838,574</u>	<u>807,393</u>	<u>522,992</u>	<u>509,623</u>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Bank loans	15	9,374	7,875	-	-
Trade payables	16	5,837	3,987	2,206	1,726
Other payables	17	4,780	6,185	2,781	3,713
Income tax payable		2,796	2,716	1,543	1,618
<b>Total current liabilities</b>		<u>22,787</u>	<u>20,763</u>	<u>6,530</u>	<u>7,057</u>
<b>Non-current liabilities</b>					
Other payables		53	49	28,070	27,498
Retirement benefit obligations		895	772	-	-
Long-term bank loans	15	106,020	97,158	37,601	32,281
Deferred tax liabilities	18	20,450	19,301	1,020	989
<b>Total non-current liabilities</b>		<u>127,418</u>	<u>117,280</u>	<u>66,691</u>	<u>60,768</u>
<b>Capital and reserves</b>					
Share capital		150,665	150,665	150,665	150,665
Asset revaluation reserve	19	424,469	407,913	244,108	234,208
Employee benefit reserve		155	190	-	-
Fair value reserve		16,536	16,755	14,082	15,608
Translation reserve	20	3,789	123	-	-
Retained earnings		92,755	93,704	40,916	41,317
<b>Total equity</b>		<u>688,369</u>	<u>669,350</u>	<u>449,771</u>	<u>441,798</u>
<b>Total liabilities and equity</b>		<u>838,574</u>	<u>807,393</u>	<u>522,992</u>	<u>509,623</u>

## Notes

### **10. Cash and bank balances**

The decrease in cash and bank balances was mainly due to lower revenue and also the 10% deposit payment of S\$6.540 million (equivalent to RM19.7 million) 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. Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income comprise of current and non-current portion.

The increase in current portion of financial assets at fair value through other comprehensive income was mainly due to fair value gain arising from better stock market conditions.

The decrease in non-current portion of financial assets at fair value through other comprehensive income was mainly due to decrease in fair value of unquoted equity investment in the Company.

### **13. Other receivables, deposits and prepaid expenses**

The increase in other receivables, deposits and prepaid expenses was mainly due to presence of S\$6.540 million (RM19.7 million) deposit recorded in the newly incorporated Malaysia subsidiary for the proposed acquisition of Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia.

### **14. Investment properties**

The increase in investment properties was mainly due to additional improvement works that were capitalized in the New Zealand subsidiary.

### **15. Bank loans**

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

The increase in current and long-term bank loans was mainly due to new loan drawdowns in both the Company and the New Zealand subsidiary, offset by bank loan repayment in some of the Group's hotels.

### **16. Trade payables**

The increase in trade payables was mainly due to higher insurance payables in the New Zealand subsidiary.

**17. Other payables (current liabilities)**

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

**18. Deferred tax liabilities**

The increase in deferred tax liabilities was mainly due to higher deferred tax liabilities recognised in Malaysia subsidiaries.

**19. Asset revaluation reserve**

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

**20. Translation reserve**

The increase in translation reserve to S\$3.789 million as at 31 December 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 both the Malaysia subsidiaries and New Zealand subsidiary into Singapore dollar as both the Malaysian ringgit and 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 31 Dec 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
9,374	-	7,875	-

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

<u>As at 31 Dec 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
106,020	-	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 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>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>
<b>Operating activities:</b>				
Profit before income tax	2,089	2,698	8,377	10,312
Adjustments for:				
Depreciation expense	2,067	1,633	8,253	8,680
Dividend income	(45)	(66)	(319)	(415)
Interest income	18	(18)	(69)	(69)
Interest expense	838	933	4,048	4,228
Net fair value loss (gain) on financial assets at fair value through profit or loss	20	159	(93)	433
Allowance for doubtful receivables	12	66	12	70
Write back of allowance for doubtful receivables no longer required	-	(87)	(2)	(87)
Bad debt expense	-	4	-	4
Write back of prior years' impairment loss on leasehold land	(77)	-	(77)	-
(Gain) Loss on disposal of property, plant and equipment	(1)	(17)	2	(21)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	4,921	5,305	20,132	23,135
Financial assets at fair value through other comprehensive income	(147)	(553)	-	(10)
Financial assets at fair value through profit or loss	(16)	3,885	(645)	4,286
Trade and other receivables	(1,441)	(154)	(794)	777
Inventories	212	(186)	(13)	(232)
Trade and other payables	2,295	1,579	236	(797)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	5,824	9,876	18,916	27,159
Interest paid	(838)	(933)	(4,048)	(4,228)
Interest received	(18)	18	69	69
Dividend received	45	66	319	415
Income tax paid – net of refund	(372)	(823)	(3,314)	(2,938)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	4,641	8,204	11,942	20,477
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1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the fourth quarter and financial year ended 31 December (Continued)

	<b>Group</b>			
	<b>Fourth Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 Dec</b>		<b>31 Dec</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>SS'000</b>	<b>SS'000</b>	<b>SS'000</b>	<b>SS'000</b>
<b>Investing activities:</b>				
Deposit payment for the 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	(3)	(235)	(370)	(4,608)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	3,543	1,139	7,136
Proceeds from disposal of property, plant & equipment	7	(21)	7	76
Purchase of property, plant and equipment	(1,458)	(1,370)	(6,365)	(3,693)
Addition of investment properties	(3,277)	(2,515)	(10,008)	(5,845)
Net cash used in investing activities	(4,731)	(598)	(22,137)	(6,934)
<b>Financing activities:</b>				
Proceeds from bank loans	1,770	-	12,543	3,000
Repayment of bank loans	(1,498)	890	(4,903)	(51,556)
Fixed deposit pledged to banks	3	-	27	-
Net proceeds from rights issue	-	-	-	50,227
Dividends paid	-	-	(6,042)	(4,200)
Net cash from (used in) financing activities	275	890	1,625	(2,529)
Net increase (decrease) in cash and cash equivalents	185	8,496	(8,570)	11,014
Cash and cash equivalents at beginning of period	18,785	20,854	28,189	17,248
Effect of currency exchange adjustment	880	(1,161)	231	(73)
<b>Cash and cash equivalents at end of period</b>	<b>19,850</b>	<b>28,189</b>	<b>19,850</b>	<b>28,189</b>

Cash and cash equivalents consist of:

	<b>Group</b>	
	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2019</b>	<b>2018</b>
	<b>SS'000</b>	<b>SS'000</b>
Cash on hand	154	174
Cash at bank	18,664	15,632
Fixed deposits	2,085	13,463
	20,903	29,269
Less: Fixed deposits pledged	(1,053)	(1,080)
Total	<b>19,850</b>	<b>28,189</b>

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

<b>The Group</b>	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Employee benefit reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Balance at 1 January 2018	100,438	364,577	180	3,707	90	89,342	558,334
Effect of adoption of SFRS(I) 9	-	-	-	14,084	-	792	14,876
Adjusted balance at 1 January 2018	100,438	364,577	180	17,791	90	90,134	573,210
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	4,703	4,703
Other comprehensive income (loss) for the period	-	-	18	(617)	(1,009)	627	(981)
Total	-	-	18	(617)	(1,009)	5,330	3,722
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Rights issue	50,227	-	-	-	-	-	50,227
Total	50,227	-	-	-	-	(4,200)	46,027
<b>Balance at 30 September 2018</b>	150,665	364,577	198	17,174	(919)	91,264	622,959
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,239	2,239
Other comprehensive income for the period	-	43,336	(8)	(419)	1,042	201	44,152
Total	-	43,336	(8)	(419)	1,042	2,440	46,391
<b>Balance at 31 December 2018</b>	150,665	407,913	190	16,755	123	93,704	669,350

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

<b>The Group</b>	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Employee benefit reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Balance at 1 January 2019	150,665	407,913	190	16,755	123	93,704	669,350
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	4,935	4,935
Other comprehensive income (loss) for the period	-	-	(19)	1,051	1,598	-	2,630
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(19)</b>	<b>1,051</b>	<b>1,598</b>	<b>4,935</b>	<b>7,565</b>
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(6,042)	(6,042)
<b>Balance at 30 September 2019</b>	<b>150,665</b>	<b>407,913</b>	<b>171</b>	<b>17,806</b>	<b>1,721</b>	<b>92,597</b>	<b>670,873</b>
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	(73)	(73)
Other comprehensive income for the period	-	16,556	(16)	(1,270)	2,068	231	17,569
<b>Total</b>	<b>-</b>	<b>16,556</b>	<b>(16)</b>	<b>(1,270)</b>	<b>2,068</b>	<b>158</b>	<b>17,496</b>
<b>Balance at 31 December 2019</b>	<b>150,665</b>	<b>424,469</b>	<b>155</b>	<b>16,536</b>	<b>3,789</b>	<b>92,755</b>	<b>688,369</b>

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

**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>
<b>The Company</b>					
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	-	-	-	11,373	11,373
Other comprehensive income for the period	-	-	50	232	282
Total	-	-	50	11,605	11,655
Transactions with owners, recognised directly in equity					
Dividend	-	-	-	(6,042)	(6,042)
<b>Balance at 30 September 2019</b>	150,665	234,208	15,658	46,880	447,411
Total comprehensive income for the period					
Profit for the period	-	-	-	(5,964)	(5,964)
Other comprehensive income for the period	-	9,900	(1,576)	-	8,324
Total	-	9,900	(1,576)	(5,964)	2,360
<b>Balance at 31 December 2019</b>	150,665	244,108	14,082	40,916	449,771

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

	<u>31 Dec 2019</u>	<u>31 Dec 2018</u>	<u>31 Dec 2019</u>	<u>31 Dec 2018</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
<b>Issue and paid-up capital:</b>				
Balance at beginning of period	100,800	84,000	150,665	100,438
Issue of new ordinary shares under rights issue	-	16,800	-	50,227
Balance at 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 the Rights Issue's Proceeds**

Balance unutilized as at 31 December 2019 was S\$4.985 million.

There was no utilization of the balance of the rights issue's proceeds in 4Q 2019.

S\$4.985 million was set aside for working capital as at 31 December 2019.

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

There were no treasury shares.

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

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

**2 AUDIT AND AUDITORS' REPORT**

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

### 3 AUDITORS' OPINION

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

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 financial statements as at 31 December 2018 except for the adoption of SFRS(I) 16 Leases effective from 1 January 2019. There is no significant impact to the Group as a result of the adoption of this standard.

### 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>Fourth Quarter Ended 31 Dec</u>		<u>Financial year Ended 31 Dec</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	(0.07) cents	2.42 cents	4.82 cents	7.52 cents
- on a fully diluted basis	(0.07) cents	2.42 cents	4.82 cents	7.52 cents

Basic earnings per share is calculated based on the Group's (loss) profit for fourth quarter 2019 and financial year ended 31 December 2019 of (S\$0.73) million and S\$4.862 million respectively (2018: S\$2.239 million and S\$6.942 million respectively) after income tax expense divided by weighted average number of 100.8 million (2018: 92.345 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 2019</u>	<u>31 Dec 2018</u>	<u>31 Dec 2019</u>	<u>31 Dec 2018</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$6.83	S\$6.64	S\$4.46	S\$4.38

The NAV per share as at 31 December 2019 and 31 December 2018 were calculated based on the number of shares in issue of 100.8 million (2018: 100.8 million) ordinary shares.

## 8 REVIEW OF GROUP PERFORMANCE

### Fourth quarter 2019 vs. Fourth quarter 2018

The Group's revenue for fourth quarter 2019 increased by 1.9% or S\$0.280 million to S\$14.919 million from S\$14.639 million in 2018 mainly due to higher room revenue in some of the Group's hotels.

The Group had loss after income tax of S\$0.73 million for fourth quarter 2019 as opposed to profit after income tax of S\$2.239 million for fourth quarter 2018 mainly due to higher income tax expense and higher operating expenses.

### Financial year ended 2019 vs. Financial year ended 2018

The Group's revenue for financial year ended 31 December 2019 decreased by 4.0% or S\$2.390 million to S\$57.690 million from S\$60.080 million in 2018. This was mainly due to lower rental income from investment properties, lower room revenue, lower food and beverage revenue and lower spa revenue in some of the Group's hotels.

The Group's profit after income tax for financial year ended 31 December 2019 decreased by 30.3% or S\$2.080 million to S\$4.1862 million from S\$6.942 million in 2018. This was mainly due to lower revenue and higher operating expenses.

In the opinion of the Directors, no transaction has arisen between 31 December 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 recent Covid-19 virus outbreak has very adversely affected room and food and beverages sales in the Group's hotels with room cancellations from China's guests as well as for other nationalities. Visitors' arrivals fell drastically in Singapore, Malaysia and Thailand. The Group is actively monitoring the virus outbreak and are taking precautions to protect staff and guests.

The Group's managed fund portfolio will continue to be affected by global economic condition, geopolitical and trade tensions, and the Covid-19 virus outbreak.

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**

The following dividend is proposed for the financial year ended 31 December 2019:

**First and Final Dividend**

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	2.5 cents per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

Due to the recent Covid-19 virus outbreak, business in February 2020 has been very adversely affected. This will continue into March 2020 and 3Q 2020. The directors are of the opinion that it is prudent to preserve cash to tide through this difficult period.

(b) **Corresponding Period of the Immediately Preceding Financial Year**

The following dividend was declared for the financial year ended 31 December 2018:

**First and Final Dividend**

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

**Special Dividend**

Name of Dividend	Special
Dividend Type	Cash
Dividend rate	1 cent per ordinary share

(c) **Date payable**

To be announced.

(d) **Books closure date**

To be announced.

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

Not applicable.

## 12 OPERATING SEGMENT

The Group is primarily engaged in the following operations:

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

### I. Revenue

	<b>External</b>		<b>Inter-segment</b>		<b>Total</b>	
	<b><u>2019</u></b> <b><u>S\$'000</u></b>	<b><u>2018</u></b> <b><u>S\$'000</u></b>	<b><u>2019</u></b> <b><u>S\$'000</u></b>	<b><u>2018</u></b> <b><u>S\$'000</u></b>	<b><u>2019</u></b> <b><u>S\$'000</u></b>	<b><u>2018</u></b> <b><u>S\$'000</u></b>
<b>Hotel operation</b>						
Singapore	24,757	25,348	-	-	24,757	25,348
Malaysia	8,514	9,000	-	-	8,514	9,000
Thailand	16,348	16,842	-	-	16,348	16,842
	<b>49,619</b>	<b>51,190</b>	<b>-</b>	<b>-</b>	<b>49,619</b>	<b>51,190</b>
<b>Property investment</b>						
Singapore	850	1,118	108	112	958	1,230
New Zealand	5,870	6,282	-	-	5,870	6,282
Malaysia	962	1,006	-	-	962	1,006
	<b>7,682</b>	<b>8,406</b>	<b>108</b>	<b>112</b>	<b>7,790</b>	<b>8,518</b>
<b>Financial investment</b>	<b>389</b>	<b>484</b>	<b>2,494</b>	<b>1,475</b>	<b>2,883</b>	<b>1,959</b>
<b>Total</b>	<b>57,690</b>	<b>60,080</b>	<b>2,602</b>	<b>1,587</b>	<b>60,292</b>	<b>61,667</b>

## II. Net profit

	Net profit(loss) for the year	
	<u>2019</u> <u>S\$'000</u>	<u>2018</u> <u>S\$'000</u>
<b>Hotel operation</b>		
Singapore	5,505	7,111
Malaysia	(961)	(628)
Thailand	4,281	4,118
	<hr/>	<hr/>
	8,825	10,601
	<hr/>	<hr/>
<b>Property investment</b>		
Singapore	407	753
New Zealand	1,900	2,283
Malaysia	795	828
	<hr/>	<hr/>
	3,102	3,864
	<hr/>	<hr/>
<b>Financial investment</b>	498	75
	<hr/>	<hr/>
<b>Total</b>	12,425	14,540
Finance cost	(4,048)	(4,228)
	<hr/>	<hr/>
<b>Profit before income tax</b>	8,377	10,312
<b>Income tax expense</b>	(3,515)	(3,370)
	<hr/>	<hr/>
<b>Profit after income tax</b>	4,862	6,942
	<hr/>	<hr/>

### III. Segment assets and liabilities

	Segment assets		Segment liabilities	
	<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>
<b>Hotel operation</b>				
Singapore	514,872	500,994	3,300	2,416
Malaysia	67,155	58,473	1,611	3,107
Thailand	116,818	107,565	3,243	3,329
	<hr/>	<hr/>	<hr/>	<hr/>
	698,845	667,032	8,154	8,852
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Property investment</b>				
Singapore	28,037	26,724	155	174
New Zealand	69,016	59,718	2,420	1,112
Malaysia	11,406	11,407	809	835
	<hr/>	<hr/>	<hr/>	<hr/>
	108,459	97,849	3,384	2,121
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Financial investment</b>	29,181	29,046	27	20
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	836,485	793,927	11,565	10,993
<b>Unallocated items</b>	2,089	13,466	138,640	127,050
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Consolidated total</b>	838,574	807,393	150,205	138,043
	<hr/>	<hr/>	<hr/>	<hr/>

#### IV. Other segment information

	<b>Depreciation</b>		<b>Additions to non-current assets</b>	
	<b><u>2019</u></b> <b><u>S\$'000</u></b>	<b><u>2018</u></b> <b><u>S\$'000</u></b>	<b><u>2019</u></b> <b><u>S\$'000</u></b>	<b><u>2018</u></b> <b><u>S\$'000</u></b>
<b>Hotel operation</b>				
Singapore	2,867	3,023	1,418	775
Malaysia	1,982	2,119	3,640	2,298
Thailand	2,152	2,267	1,307	620
	<hr/>	<hr/>	<hr/>	<hr/>
	7,001	7,409	6,365	3,693
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Property investment</b>				
Singapore	446	444	9	-
New Zealand	628	646	9,999	5,845
Malaysia	178	181	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,252	1,271	10,008	5,845
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Financial investment</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,253	8,680	16,373	9,538
	<hr/>	<hr/>	<hr/>	<hr/>

#### V. Geographical information

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

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>2019</u> \$'000	<u>2018</u> \$'000	<u>2019</u> \$'000	<u>2018</u> \$'000
Singapore	25,996	26,904	524,825	513,957
Malaysia	9,476	10,033	92,192	89,710
New Zealand	5,870	6,289	65,289	56,577
Thailand	16,348	16,854	112,127	103,634
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b><u>57,690</u></b>	<b><u>60,080</u></b>	<b><u>794,433</u></b>	<b><u>763,878</u></b>

### 13 REVIEW OF SEGMENT PERFORMANCE

The net profit for hotel operation segment decreased by 16.8% or S\$1.776 million from S\$10.601 million in 2018 to S\$8.825 million in 2019. This was mainly due to lower performances in both Singapore and Malaysia hotels offset by higher contributions from Thailand hotels.

The net profit for property investment segment decreased by 19.7% or S\$0.762 million from S\$3.864 million in 2018 to S\$3.102 million in 2019. This was mainly due to lower performances from investment properties in Singapore, Malaysia and New Zealand.

The net profit for financial investment rose by 564% or S\$0.423 million from S\$0.075 million in 2018 to S\$0.498 million in 2019. This was mainly due to higher dividend income and higher time deposit interest income.

### 14 BREAKDOWN OF SALES

	<u>Group</u>		<u>Increase</u>
	<u>2019</u>	<u>2018</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<b><u>Revenue reported for:</u></b>			
1 <sup>st</sup> Quarter	14,929	16,689	(10.5)
2 <sup>nd</sup> Quarter	12,985	13,945	(6.9)
3 <sup>rd</sup> Quarter	14,857	14,807	0.3
4 <sup>th</sup> Quarter	14,919	14,639	1.9
	<hr/>	<hr/>	<hr/>
Total	57,690	60,080	(4.0)
	<hr/>	<hr/>	<hr/>
<b><u>Profit for the year attributable to equity holders of the Company:</u></b>			
1 <sup>st</sup> Quarter	1,980	2,529	(21.7)
2 <sup>nd</sup> Quarter	386	580	(33.4)
3 <sup>rd</sup> Quarter	2,569	1,594	61.2
4 <sup>th</sup> Quarter	(73)	2,239	n.m.
	<hr/>	<hr/>	<hr/>
Total	4,862	6,942	(30.0)
	<hr/>	<hr/>	<hr/>

**15 TOTAL ANNUAL DIVIDEND**

	<u>2019</u> <u>S\$'000</u>	<u>2018</u> <u>S\$'000</u>
Ordinary		
Interim	-	-
Final	6,042	4,200
	<u>6,042</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 general mandate from its shareholders for interested person transactions.

**17 CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

**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)	67	Nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company  Cousin of Lee Chu Muk, a director of the Company	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	75	Sister of Lee Khin Tien and Lee Kin Hong, directors of the Company  Aunt of Lee Chou Hock, CEO	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)	41	Nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company  Brother of Lee Chu Muk, a director of the Company  Cousin of Lee Chou Hock, CEO	Joined the group in 2004. Presently the General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd. His duties include the general management of Hotel Royal @ Queens (Singapore) Pte Ltd.	Nil

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

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Lee Zongye Zach (BA.Arch, M.Arch, M.Des Real Estate)	37	<p>Son of Mr. Lee Chou Hock, CEO</p> <p>Grand-nephew of Lee Khin Tien and Lee Kin Hong, directors of the Company</p> <p>Grand-cousin of Lee Chu Muk, a director of the Company</p>	<p>Joined the group in 2018. Presently the Director of Project Development for the Company. His duties include the supervision of construction works and lease management to the Group's real estate assets. He also assists in evaluating potential real estate investments for the Group.</p>	Nil
Ms. Lee Si Min (Bachelor of International Hotel and Tourism Management)	31	<p>Daughter of Lee Kin Hong, a director of the Company</p> <p>Niece of Lee Khin Tien, a director of the Company</p> <p>Cousin of Lee Chou Hock, CEO</p>	<p>Joined the group in January 2020 as the Assistant General Manager of Hotel Royal @ Queens. Her duty is to assist the General Manager of Hotel Royal @ Queens to oversee the daily operation of the hotel.</p>	Nil

**BY ORDER OF THE BOARD**

Sin Chee Mei  
Company Secretary

28 February 2020