



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

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the first quarter ended 31 March 2017.

**1(a) CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the first quarter ended 31 March**

		Group		
		First Quarter Ended 31 March		
	Notes	<u>2017</u>	<u>2016</u>	<u>+ / (-)</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Revenue	1	16,166	15,219	6.2
Cost of sales	2	(6,888)	(7,063)	(2.5)
Gross profit		9,278	8,156	13.8
Other income	3	386	349	10.6
Distribution costs	4	(290)	(140)	>100
Administrative expenses	5	(3,392)	(3,827)	(11.4)
Other expenses	6	(938)	(498)	88.4
Finance costs	7	(1,076)	(1,269)	(15.2)
Profit before income tax	8	3,968	2,771	43.2
Income tax expense	9	(783)	(592)	32.3
Profit for the period attributable to owners of the Company		3,185	2,179	46.2

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
for the first quarter ended 31 March

	<u>Group</u>		
	<u>First Quarter Ended 31 March</u>		
	<u>2017</u>	<u>2016</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Profit for the period	3,185	2,179	46.2
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale investments:			
Fair value gain recognised in fair value reserve	654	12	>100
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	137	25	>100
Exchange loss on translation of foreign operations	(1,290)	(312)	>100
Total	<u>(499)</u>	<u>(275)</u>	<u>81.5</u>
Total comprehensive income for the period attributable to owners of the Company	<u>2,686</u>	<u>1,904</u>	<u>41.1</u>

Notes

1. Revenue

Revenue comprises the following:

	<u>Group</u>		
	<u>First Quarter Ended 31 March</u>		
	<u>2017</u>	<u>2016</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Room revenue	9,796	9,347	4.8
Food and beverage revenue	2,482	2,222	11.7
Spa revenue	332	279	19.0
Rental income from:			
Investment properties	2,216	2,072	6.9
Other properties	771	738	4.5
Car park revenue	330	387	(14.7)
Interest income from outside parties	30	30	-
Dividend income from:			
Quoted equity investments (gross)	40	40	-
Others	169	104	62.5
Total	<u>16,166</u>	<u>15,219</u>	<u>6.2</u>

Room revenue

Group room revenue for the first quarter 2017 increased by 4.8% as compared to the first quarter 2016 mainly due to higher room occupancy in Hotel Royal Bangkok @ Chinatown. The strengthened Thai Baht against Singapore dollar also contributed to the increase.

Food and beverage revenue

The increase in food and beverage revenue for the first quarter 2017 as compared to the first quarter 2016 resulted from higher breakfast sales in Hotel Royal Bangkok @ Chinatown.

Rental income from investment properties

Higher occupancy resulted in higher rental income from investment properties in New Zealand. The strengthened New Zealand dollar against Singapore dollar also contributed to the increase.

2. Cost of sales

The decrease in cost of sales was mainly due to better cost control. The gross profit margin increased slightly to 57% from 54% in same period last year.

3. Other income

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

The increase in other income for first quarter 2017 as compared to first quarter 2016 was mainly due to higher gain on disposal of available-for-sale investments offset by lower foreign exchange gain from the strengthened Thai baht against Singapore dollar.

4. Distribution costs

The increase in distribution costs for first quarter 2017 as compared to the same period in 2016 was mainly due to higher sales commission expenses.

5. Administrative expenses

The decrease in administrative expenses for first quarter 2017 as compared to first quarter 2016 was mainly due to lower overhead expenses.

6. Other expenses

Other expenses comprise mainly foreign exchange loss and other miscellaneous expenses.

The increase in other expenses for first quarter 2017 as compared to first quarter 2016 mainly arose from higher foreign exchange loss as the Malaysian ringgit had weakened against the Singapore dollar and higher other miscellaneous expenses in some of the Group's hotels.

7. Finance costs

The decrease in finance cost for first quarter 2017 as compared to first quarter 2016 was mainly due to repayment of bank loans.

8. Profit before income tax

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

	Group		
	First Quarter Ended 31 March		
	<u>2017</u>	<u>2016</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	2,110	2,080	1.4
Impairment loss on available-for-sale investments	-	176	(100.0)
Allowance for doubtful receivables	1	-	100.0
Write back of allowance for doubtful receivables no longer required	-	(9)	(100.0)
Fair value gain on held-for-trading investments	(28)	(3)	>100
Net foreign exchange loss	194	6	>100
Gain on disposal of available-for-sale investments	(141)	(28)	>100
Loss on disposal of property, plant and equipment	1	1	-

Net foreign exchange loss

The Group recorded higher net foreign exchange loss for first quarter 2017 as compared to first quarter 2016 mainly due to the weakened Malaysian ringgit against Singapore dollar.

Gain on disposal of available-for-sale investments

The higher gain on disposal of available-for-sale investments for first quarter 2017 as compared to first quarter 2016 was mainly due to strengthened stock market conditions.

9. Income tax expense

Income tax expense increased mainly due to higher tax provision as a result of higher taxable income in some of the Group's subsidiaries as well as higher provision for withholding tax expense on interest receivables by the Company.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Notes	<u>Group</u>		<u>Company</u>	
		<u>31 Mar 17</u>	<u>31 Dec 16</u>	<u>31 Mar 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	17,155	14,721	2,133	2,291
Held-for-trading investments	11	7,237	6,268	962	599
Available-for-sale investments	12	9,404	8,119	2,217	1,720
Trade receivables	13	3,166	3,629	799	1,130
Other receivables, deposits and prepaid expenses	14	2,138	1,363	165	216
Inventories		928	770	177	45
Income tax recoverable		13	4	-	-
Total current assets		40,041	34,874	6,453	6,001
Non-current assets					
Subsidiaries		-	-	173,778	169,130
Available-for-sale investments	12	3,727	3,435	1,110	1,055
Other assets		1,058	1,147	-	-
Goodwill		1,874	1,829	-	-
Property, plant and equipment		594,647	590,216	243,452	243,772
Investment properties		92,257	94,390	23,926	24,022
Total non-current assets		693,563	691,017	442,266	437,979
Total assets		733,604	725,891	448,719	443,980
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	15	13,018	13,805	-	-
Trade payables	16	4,918	3,587	2,135	2,036
Other payables		4,456	4,580	1,811	2,249
Current portion of finance lease		24	42	-	-
Income tax payable		2,787	2,591	1,156	1,156
Total current liabilities		25,203	24,605	5,102	5,441
Non-current liabilities					
Long-term bank loans	15	140,965	137,858	70,064	66,864
Other payables	17	1,671	95	23,360	23,274
Retirement benefit obligations		687	663	-	-
Deferred tax liabilities		19,525	19,803	562	562
Total non-current liabilities		162,848	158,419	93,986	90,700
Capital and reserves					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		354,185	354,185	210,108	210,108
Employee benefit reserve		198	198	-	-
Fair value reserve	18	2,866	2,075	648	465
Translation reserve	19	(14,250)	(12,960)	-	-
Retained earnings		102,116	98,931	38,437	36,828
Total equity		545,553	542,867	349,631	347,839
Total liabilities and equity		733,604	725,891	448,719	443,980

Notes

10. Cash and bank balances

The increase in cash and bank balances was mainly due to higher revenue and better management of purchases.

11. Held-for-trading investments

The increase in held-for-trading investments was mainly due to fair value gain from strengthened stock market conditions.

12. Available-for-sale investments

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

13. Trade receivables

The decrease in trade receivables was mainly due to better management of trade debtors.

14. Other receivables, deposits and prepaid expenses

The increase in other receivables, deposits and prepaid expenses mainly arose from prepayments made for insurance expenses in the New Zealand subsidiary.

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 repayment of bank loans. However, the increase in long-term bank loan was mainly due to new loan draw down in the Company.

16. Trade payables

The increase in trade payables was mainly due to better management of purchases.

17. Other payables (Non-current liabilities)

Baba Residences Sdn Bhd, a subsidiary of the Group, had entered into a three year tenancy agreement with Riaplan Sdn Bhd on 6 February 2017. Baba Residences Sdn Bhd has an option to purchase the property or purchase the entire issued and paid up share capital of Riaplan Sdn Bhd for RM 15 million on 31 December 2018. The advance rental and rental deposits paid by Baba Residences Sdn Bhd amounting to RM 10 million will form part of the purchase consideration. An additional RM 5 million will be payable to complete the transaction.

The increase in other payables (non-current liabilities) mainly arose from the RM 5 million to complete the transaction as mentioned above.

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.

19. Translation reserve

The increase in negative translation reserve was mainly due to loss on translating the net assets of Malaysia subsidiaries into Singapore dollar as Malaysian ringgit had weakened against Singapore dollar offset by gain on translating the net assets of Thailand subsidiaries into Singapore dollar as Thai baht had strengthened against Singapore.

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 Mar 2017</u>		<u>As at 31 Dec 2016</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
13,018	-	13,805	-

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

<u>As at 31 Mar 2017</u>		<u>As at 31 Dec 2016</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
140,965	-	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 first quarter ended 31 March

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>SS'000</u>	<u>SS'000</u>
Operating activities:		
Profit before income tax	3,968	2,771
Adjustments for:		
Depreciation expense	2,110	2,080
Dividend income	(40)	(40)
Interest income	(30)	(30)
Interest expense	1,076	1,269
Impairment loss on available-for-sale investments	-	176
Gain on disposal of available-for-sale investments	(141)	(28)
Fair value gain on held-for-trading investments	(28)	(3)
Loss on disposal of property, plant and equipment	1	1
Allowance for doubtful receivables	1	-
Write back of allowance for doubtful receivables no longer required	-	(9)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	6,917	6,187
Available-for-sale investments	139	169
Held-for-trading investments	(941)	(254)
Trade and other receivables	(224)	(505)
Inventories	(158)	51
Trade and other payables	2,783	(379)
	<hr/>	<hr/>
Cash generated from operations	8,516	5,269
Interest paid	(1,076)	(1,269)
Interest received	30	30
Dividend received	40	40
Income tax paid – net of refund	(474)	(1,170)
	<hr/>	<hr/>
Net cash from operating activities	7,036	2,900
Investing activities:		
Purchase of available-for-sale investments	(1,227)	(383)
Proceed from disposal of available-for-sale investments	444	395
Purchase of property, plant and equipment	(5,289)	(1,056)
Proceeds from disposal of property, plant and equipment	3	-
Additions to investment properties	(9)	(34)
	<hr/>	<hr/>
Net cash used in investing activities	(6,078)	(1,078)

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the first quarter ended 31 March (Continued)

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Financing activities:		
Proceeds from bank loans	4,197	853
Repayment of bank loans	(2,410)	(2,873)
Repayment of finance lease	(18)	(4)
	<hr/>	<hr/>
Net cash from (used in) financing activities	1,769	(2,024)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	2,727	(202)
Cash and cash equivalents at beginning of period	14,721	17,037
Effect of currency exchange adjustment	(293)	902
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>17,155</u>	<u>17,737</u>

	<u>As at 31 March</u>	
	<u>2017</u>	<u>2016</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash and cash equivalents consist of:		
Cash on hand	155	155
Cash at bank	15,811	16,115
Fixed deposits	1,189	1,467
	<hr/>	<hr/>
Total	<u>17,155</u>	<u>17,737</u>

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>Currency translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Group							
Balance at 1 January 2016	100,438	352,360	171	1,730	(14,623)	95,396	535,472
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,179	2,179
Other comprehensive income for the period	-	-	-	37	(312)	-	(275)
Total	-	-	-	37	(312)	2,179	1,904
Balance at 31 March 2016	100,438	352,360	171	1,767	(14,935)	97,575	537,376
Balance at 1 January 2017	100,438	354,185	198	2,075	(12,960)	98,931	542,867
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,185	3,185
Other comprehensive income for the period	-	-	-	791	(1,290)	-	(499)
Total	-	-	-	791	(1,290)	3,185	2,686
Balance at 31 March 2017	100,438	354,185	198	2,866	(14,250)	102,116	545,553

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

Company	<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
Balance at 1 January 2016	100,438	210,108	460	34,066	345,072
Total comprehensive income for the period					
Profit for the period	-	-	-	1,804	1,804
Other comprehensive income for the period	-	-	11	-	11
Total	-	-	11	1,804	1,815
Balance at 31 March 2016	100,438	210,108	471	35,870	346,887
Balance at 1 January 2017	100,438	210,108	465	36,828	347,839
Total comprehensive income for the period					
Profit for the period	-	-	-	1,609	1,609
Other comprehensive income for the period	-	-	183	-	183
Total	-	-	183	1,609	1,792
Balance at 31 March 2017	100,438	210,108	648	38,437	349,631

1(d)(ii) SHARE CAPITAL

	<u>31 Mar</u> <u>2017</u>	<u>31 Dec</u> <u>2016</u>	<u>31 Mar</u> <u>2017</u>	<u>31 Dec</u> <u>2016</u>
	<u>Number of ordinary shares</u> <u>'000</u>		<u>S\$'000</u>	<u>S\$'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 are no treasury shares.

2 AUDIT

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

3 AUDITORS' REPORT

Not applicable.

4 ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recently audited annual financial statements as at 31 December 2016.

5 CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policy which has a material 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>First Quarter Ended 31 March</u>	
	<u>2017</u>	<u>2016</u>
EPS (based on consolidated profit after income tax expense)		
- on weighted average number of shares	3.79 cents	2.59 cents
- on a fully diluted basis	3.79 cents	2.59 cents

Basic earnings per share is calculated on the Group's profit of S\$3.185 million (2016: S\$2.179 million) 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 were no dilutive potential ordinary shares.

7 NET ASSET VALUE (NAV)

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2017</u>	<u>31 Dec 2016</u>	<u>31 Mar 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\$6.49	S\$6.46	S\$4.16	S\$4.14

The NAV per share as at 31 March 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

The Group's revenue increased by 6.2% to S\$16.166 million in first quarter 2017 from S\$15.219 million in first quarter 2016. This was mainly due to higher room revenue, food and beverage sales and rental income from investment properties. The strengthened Thai baht and New Zealand dollar against Singapore dollar also contributed to the increase.

The Group's profit after income tax increased by 46.2% for first quarter 2017 as compared to first quarter 2016. This was due mainly to higher revenue and lower finance costs.

In the opinion of the Directors, no transaction has arisen between 31 March 2017 and the date of this report which would materially affect the results of the Group and the Company for the quarter just ended.

9 VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

Not applicable.

10 OUTLOOK

The hospitality industry in Singapore, Malaysia and Thailand continues to be very competitive and the Group expects more challenges in the year ahead. The Group will continue to focus on improving our service quality and enhancing the customers' experience, so as to improve our room occupancy and room rates.

The Group will continue to actively upgrade the properties in New Zealand to maximize their rental income through improved occupancy and average rental rate.

The Group's managed fund portfolio will be affected by world events such as the concerns over the impact of Brexit and increase in interest rate.

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; mark-to-market gains or losses in our investment portfolio and increase in interest rate.

11 DIVIDEND

(a) Current Financial Period Reported On

No interim dividend is recommended for the current first quarter ended 31 March 2017.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 INTERESTED PERSON TRANSACTIONS

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

13 CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

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

**14 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS
 UNDER SGX LISTING RULE 705 (5) OF THE LISTING MANUAL**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

9 May 2017