



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

FINANCIAL UPDATE

Based on a preliminary review of the latest available financial information of the Group and an assessment of market conditions, the Board of Directors of the Company (the “**Directors**”) wishes to disclose that the Group may report a consolidated net loss after income tax for the half-year ending 30 June 2020 as compared with a consolidated net profit after income tax of S\$2.37 million for the corresponding period in 2019.

Covid-19

Since January 2020, the COVID-19 outbreak has severely disrupted the hospitality industry as countries imposed travel restrictions and closed down their borders. Tourist arrivals to Singapore, Malaysia and Thailand have dried out. The worsening environment for the hotel industry has reduced sharply demand for rooms at the Group's hotels. This is an industry-wide trend which will continue in the near future.

Financial Performance

The Group's financial performance had been adversely affected by the Covid-19 pandemic as follows:

	Jan to May 2020	Jan to May 2019	Change (%)
Revenue (S\$ million)	15.41	23.35	(34.0%)
Operating Profit (S\$ million)	2.49	7.64	(67.4%)
(Loss) Profit After Income Tax (S\$ million)	(2.50)	2.24	n.m.

* Operating Profit represents Earnings Before Interest, Income Tax and Amortisation

Revenue has declined by 34% from S\$23.35 million in January to May 2019 to S\$15.41 million in the same period this year. This is mainly due to various countries closing their borders. International visitors came to a complete halt in Thailand and Malaysia. In Singapore, we are relying on accommodating Malaysian workers.

Operating profit has decreased by about 67.4% from S\$7.64 million in January to May 2019 to S\$2.49 million in the same period this year.

Profit after income tax registered a loss of S\$2.50 million for January to May 2020 as compared to a profit of S\$2.24 million in the same period last year.

Conserving Cash

The Company is conserving cash with these measures:

- (a) reducing operating expenses such as unpaid leave program for employees, wage and hiring freeze, minimisation of utilities consumption and deferment of spending on operating costs;
- (b) deferment of non-critical capital expenditures; and
- (c) moratorium of principal repayments has been agreed with our banks.

These measures to conserve cash will assist the Group to tide over this very difficult period.

Liquidity

As at 31 May 2020, the Group has the following:

- (a) Working capital of S\$19.12 million;
- (b) Bank balances and cash equivalent of S\$24.73 million; and
- (c) Unutilised bank credit facilities of about S\$165 million

Based on the above, the Group should have enough liquidity for at least the next 12 months.

Further Updates

The Company is monitoring the impact of Covid-19 on its operations and financial performance. It will update shareholders from time to time.

BY ORDER OF THE BOARD

Dr Pang Eng Fong
Chairman

1 July 2020