



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

**1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

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 2019.

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

		<b>Group</b>		
		<b>First Quarter Ended 31 March</b>		
	<b>Notes</b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>+ / (-)</u></b>
		<b>SS'000</b>	<b>SS'000</b>	<b>%</b>
Revenue	1	14,929	16,689	(10.5)
Cost of sales	2	(7,079)	(7,861)	(9.9)
Gross profit		7,850	8,828	(11.1)
Other income	3	449	593	(24.3)
Distribution costs	4	(344)	(349)	(1.4)
Administrative expenses	5	(3,772)	(3,279)	15.0
Other expenses	6	(575)	(810)	(29.0)
Finance costs	7	(1,109)	(1,139)	(2.6)
Profit before income tax	8	2,499	3,844	(35.0)
Income tax expense	9	(519)	(1,315)	(60.5)
Profit for the period attributable to owners of the Company		1,980	2,529	(21.7)

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

	<b><u>Group</u></b>		
	<b><u>First Quarter Ended 31 March</u></b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>+ / (-)</u></b>
	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>	<b><u>%</u></b>
Profit for the period	1,980	2,529	(21.7)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently profit or loss</i>			
Net fair value on investments in equity instruments designated as at fair value through other comprehensive income	873	-	100.0
Re-measurement of defined benefit obligation	(19)	18	n.m.
Total	854	18	>100
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	2,046	2,806	(27.1)
<b>Other comprehensive income for the period, net of tax</b>	2,900	2,824	2.7
<b>Total comprehensive income for the period attributable to owners of the Company</b>	4,880	5,353	(8.8)

n.m.: not meaningful

## Notes

### 1. Revenue

Revenue comprises the following:

	<u>Group</u>		
	<u>First Quarter Ended 31 March</u>		
	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Room revenue	9,560	10,349	(7.6)
Food and beverage revenue	2,265	2,658	(14.8)
Spa revenue	266	371	(28.3)
Rental income from:			
Investment properties	1,661	2,107	(21.2)
Within premises	782	773	1.2
Car park revenue	328	319	2.8
Interest income from outside parties	10	4	>100
Dividend income from:			
Quoted equity investments (gross)	35	68	(48.5)
Others	22	40	(45.0)
Total	14,929	16,689	(10.5)

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

Group room revenue decreased by 7.6% for first quarter 2019 as compared to first quarter 2018 mainly due to lower room occupancy in the Group's hotels.

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

The decrease in food and beverage revenue for first quarter 2019 as compared to first quarter 2018 was mainly due to lower breakfast sales to room guests.

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

The decrease in rental income from investment properties for first quarter of 2019 as compared to first quarter of 2018 was mainly due to lower contributions from both Singapore and New Zealand properties.

### 2. Cost of sales

The decrease in cost of sales for first quarter 2019 as compared to first quarter 2018 was mainly due to better costs control and lower breakfast sales in the Group's hotels.

### 3. Other income

Other income comprises mainly foreign exchange gain, fair value gain on financial assets at fair value through profit or loss and miscellaneous other income.

The decrease in other income for first quarter 2019 as compared to first quarter 2018 was mainly due to lower foreign exchange gain and lower miscellaneous other income.

**4. Distribution costs**

The decrease in distribution costs for first quarter 2019 as compared to first quarter 2018 was mainly due to lower sales commission expenses.

**5. Administrative expenses**

The increase in administrative expenses for first quarter 2019 as compared to first quarter 2018 was mainly due to higher overhead expenses.

**6. Other expenses**

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

The decrease in other expenses for first quarter 2019 as compared to first quarter 2018 was mainly due to absence of fair value loss on financial assets at fair value through profit or loss.

**7. Finance costs**

Finance costs for first quarter 2019 remained fairly stable as compared to first quarter 2018.

## 8. Profit before income tax

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

	<b>Group</b>		
	<b>First Quarter Ended 31 March</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>+ / (-)</u></b>
	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>	<b><u>%</u></b>
Depreciation expense	1,940	2,317	(16.3)
Fair value (gain) loss on financial assets at fair value through profit or loss	(32)	141	n.m.
Net foreign exchange adjustment gain	(338)	(383)	(11.7)
Loss on disposal of property, plant and equipment	2	1	100.0

n.m.: not meaningful

### *Depreciation expense*

The lower depreciation expense for first quarter 2019 as compared to first quarter 2018 was mainly due to some fully depreciated fixed assets.

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

The Group had fair value gain on financial assets at fair value through profit or loss for first quarter 2019 as opposed to fair value loss for first quarter 2018 mainly due to strengthened stock market conditions.

### *Net foreign exchange adjustment gain*

The Group had lower net foreign exchange adjustment gain for first quarter 2019 as compared to first quarter 2018 mainly due to the weakened Malaysian ringgit against Singapore dollar.

## 9. Income tax expense

The decrease in income tax expense for first quarter 2019 as compared to first quarter 2018 was mainly due to lower taxable income in the Group's hotels.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>31 Mar 19</u>	<u>31 Dec 18</u>	<u>31 Mar 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	27,876	29,269	12,126	15,654
Financial assets at fair value through profit or loss	11	3,492	2,987	1,397	978
Financial assets at fair value through other comprehensive income	12	6,430	5,623	1,683	1,540
Trade receivables		3,128	3,083	997	978
Other receivables, deposits and prepaid expenses	13	8,982	1,458	316	101
Inventories		1,188	1,092	388	240
Income tax recoverable		3	3	-	-
<b>Total current assets</b>		<u>51,099</u>	<u>43,515</u>	<u>16,907</u>	<u>19,491</u>
<b>Non-current assets</b>					
Subsidiaries		-	-	193,999	184,315
Financial assets at fair value through other comprehensive income		19,890	19,849	17,100	17,066
Other assets		511	543	-	-
Goodwill		1,966	1,920	-	-
Property, plant and equipment		650,346	647,679	264,982	265,498
Investment properties		95,240	93,887	23,157	23,253
<b>Total non-current assets</b>		<u>767,953</u>	<u>763,878</u>	<u>499,238</u>	<u>490,132</u>
<b>Total assets</b>		<u>819,052</u>	<u>807,393</u>	<u>516,145</u>	<u>509,623</u>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Bank loans		7,777	7,875	-	-
Trade payables	14	3,453	3,987	2,191	1,726
Other payables	15	4,864	6,185	4,317	3,713
Income tax payable		2,774	2,716	1,261	1,618
<b>Total current liabilities</b>		<u>18,868</u>	<u>20,763</u>	<u>7,769</u>	<u>7,057</u>
<b>Non-current liabilities</b>					
Other payables		83	49	27,628	27,498
Retirement benefit obligations		794	772	-	-
Long-term bank loans	16	105,758	97,158	37,664	32,281
Deferred tax liabilities		19,319	19,301	990	989
<b>Total non-current liabilities</b>		<u>125,954</u>	<u>117,280</u>	<u>66,282</u>	<u>60,768</u>
<b>Capital and reserves</b>					
Share capital		150,665	150,665	150,665	150,665
Asset revaluation reserve		407,913	407,913	234,208	234,208
Employee benefit reserve		171	190	-	-
Fair value reserve	17	17,628	16,755	15,822	15,608
Translation reserve	18	2,169	123	-	-
Retained earnings		95,684	93,704	41,399	41,317
<b>Total equity</b>		<u>674,230</u>	<u>669,350</u>	<u>442,094</u>	<u>441,798</u>
<b>Total liabilities and equity</b>		<u>819,052</u>	<u>807,393</u>	<u>516,145</u>	<u>509,623</u>

## Notes

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

The decrease in cash and bank balances mainly arose from lower revenue in the Group's hotels.

### **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 higher purchase of investments.

### **12. Financial assets at fair value through other comprehensive income (Current assets)**

The increase in financial assets at fair value through other comprehensive income was mainly due to the fair value gain from strengthened stock market conditions.

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

The increase in other receivables, deposits and prepaid expenses was mainly due to the deposit payment made for the proposed purchase of the 400-room Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia.

### **14. Trade payables**

The decrease in trade payables was mainly due to lower purchases.

### **15. Other payables**

The decrease in other payables was mainly due to the balance payment made to complete acquisition of a property in a Malaysia hotel.

### **16. Long-term bank loans**

The increase in long-term bank loans was mainly due to new loan drawdowns in both the Company and the New Zealand subsidiary.

### **17. Fair value reserve**

The increase in fair value reserve was mainly due to the fair value gain on financial assets at fair value through other comprehensive income arising from strengthened stock market conditions.

### **18. Translation reserve**

The increase in translation reserve to S\$2.169 million as at 31 March 2019 from S\$0.123 million as at 31 December 2018 was mainly due to translation gain on translating the net assets of both Thailand and New Zealand subsidiaries into Singapore dollar as both Thai baht and New Zealand dollar had strengthened 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 Mar 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
7,777	-	7,875	-

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

<u>As at 31 Mar 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
105,758	-	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 first quarter ended 31 March**

	<b>Group</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>
<b>Operating activities:</b>		
Profit before income tax	2,499	3,844
Adjustments for:		
Depreciation expense	1,940	2,317
Dividend income	(35)	(68)
Interest income	(10)	(4)
Interest expense	1,109	1,139
Fair value (gain) loss on financial assets through profit or loss	(32)	141
Loss on disposal of property, plant and equipment	2	1
	<hr/>	<hr/>
Operating cash flows before movements in working capital	5,473	7,370
Financial assets at fair value through other comprehensive income	(61)	3
Financial assets at fair value through profit or loss	(473)	(92)
Trade and other receivables	(996)	(443)
Inventories	(95)	13
Trade and other payables	(797)	(893)
	<hr/>	<hr/>
Cash generated from operations	3,051	5,958
Interest paid	(1,109)	(1,139)
Interest received	10	4
Dividend received	35	68
Income tax paid – net of refund	(529)	(158)
	<hr/>	<hr/>
Net cash from operating activities	1,458	4,733
<b>Investing activities:</b>		
Deposit payment made for the proposed acquisition of the 400-room Royale Chulan Bintang Hotel in Kuala Lumpur, Malaysia	(6,540)	-
Purchase of financial assets at fair value through other comprehensive income	(38)	(421)
Proceed from disposal of financial assets at fair value through other comprehensive income	123	1,030
Purchase of property, plant and equipment	(1,699)	(792)
Proceeds from disposal of property, plant and equipment	38	8
Additions to investment properties	(1,306)	(298)
	<hr/>	<hr/>
Net cash used in investing activities	(9,422)	(473)

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

	<b>Group</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>
<b>Financing activities:</b>		
Fixed deposits pledged to banks	(6)	(29)
Proceeds from bank loans	8,376	-
Repayment of bank loans	(737)	(4,455)
	<hr/>	<hr/>
Net cash from (used in) financing activities	7,633	(4,484)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(331)	(224)
Cash and cash equivalents at beginning of period	28,189	17,248
Effect of currency exchange adjustment	(1,068)	1,321
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b><u>26,790</u></b>	<b><u>18,345</u></b>

Cash and cash equivalents consist of:

	<b>As at 31 March</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>
Cash on hand	164	155
Cash at bank	15,188	17,551
Fixed deposits	12,524	1,748
	<hr/>	<hr/>
	27,876	19,454
Less: Fixed deposits pledged to banks	(1,086)	(1,109)
	<hr/>	<hr/>
Total	<b><u>26,790</u></b>	<b><u>18,345</u></b>

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

	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Employee benefit reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
<b>Group</b>							
Balance at 1 January 2018	100,438	364,577	180	3,707	90	89,342	558,334
Effect on adoption of SFRS(I) 9	-	-	-	(503)	-	503	-
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,529	2,529
Other comprehensive income for the year	-	-	18	(216)	2,806	216	2,824
Total	-	-	18	(216)	2,806	2,745	5,353
<b>Balance at 31 March 2018</b>	<b>100,438</b>	<b>364,577</b>	<b>198</b>	<b>2,988</b>	<b>2,896</b>	<b>92,590</b>	<b>563,687</b>
Balance at 1 January 2019	150,665	407,913	190	16,755	123	93,704	669,350
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,980	1,980
Other comprehensive income for the period	-	-	(19)	873	2,046	-	2,900
Total	-	-	(19)	873	2,046	1,980	4,880
<b>Balance at 31 March 2019</b>	<b>150,665</b>	<b>407,913</b>	<b>171</b>	<b>17,628</b>	<b>2,169</b>	<b>95,684</b>	<b>674,230</b>

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

<b>Company</b>	<b><u>Share capital S\$'000</u></b>	<b><u>Asset revaluation reserve S\$'000</u></b>	<b><u>Fair value reserve S\$'000</u></b>	<b><u>Retained earnings S\$'000</u></b>	<b><u>Total S\$'000</u></b>
Balance at 1 January 2018	100,438	213,108	759	38,355	352,660
Effect on adoption of SFRS(I) 9	-	-	(109)	109	-
Total comprehensive income for the period					
Profit for the period	-	-	-	1,490	1,490
Other comprehensive income for the period	-	-	(97)	-	(97)
Total	-	-	(97)	1,490	1,393
<b>Balance at 31 March 2018</b>	<b>100,438</b>	<b>213,108</b>	<b>553</b>	<b>39,954</b>	<b>354,053</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	-	-	-	932	932
Other comprehensive income for the period	-	-	214	(850)	(636)
Total	-	-	214	82	296
<b>Balance at 31 March 2019</b>	<b>150,665</b>	<b>234,208</b>	<b>15,822</b>	<b>41,399</b>	<b>442,094</b>

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

	<u>31 Mar</u> <u>2019</u>	<u>31 Dec</u> <u>2018</u>	<u>31 Mar</u> <u>2019</u>	<u>31 Dec</u> <u>2018</u>
	<u>Number of ordinary shares</u> <u>'000</u>		<u>S\$'000</u>	<u>S\$'000</u>
<b>Issued and paid-up capital:</b>				
Balance at beginning and end of period	<u>100,800</u>	<u>100,800</u>	<u>150,665</u>	<u>150,665</u>

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

Use of Rights Issue's Proceeds

*Balance unutilised as at 31 December 2018 was S\$4,985.*

*There was no utilisation of the balance of the rights issue proceeds in first quarter 2019.*

*S\$4 million was placed in short-term fixed deposit and S\$0.985 million was set aside for working capital.*

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

There are no treasury shares.

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

Not applicable. The Company did not have any 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 same accounting policies and methods of computation have been applied in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2018.

## 5 CHANGES IN ACCOUNTING POLICIES

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

## 6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>	
	<u>First Quarter Ended 31 March</u>	
	<u>2019</u>	<u>2018</u>
EPS (based on consolidated profit after taxation)		
- on weighted average number of shares	1.96 cents	2.97 cents
- on a fully diluted basis	1.96 cents	2.97 cents

Basic earnings per share is calculated based on the Group's profit for first quarter 2019 of S\$1.980 million (2018: S\$2.529 million) after income tax expense divided by 100.8 million (2018: 85.292 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 2019</u>	<u>31 Dec 2018</u>	<u>31 Mar 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\$6.69	S\$6.64	S\$4.39	S\$4.38

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

## 8 REVIEW OF GROUP PERFORMANCE

The Group's revenue decreased by 10.5% or S\$1.760 million to S\$14.929 million for first quarter 2019 as compared to first quarter 2018 mainly due to lower revenue from rooms, food & beverage and spa in the Group's hotels.

The Group's profit after income tax decreased by 21.7% or S\$0.549 million for first quarter 2019 as compared to first quarter 2018 mainly due to lower revenue offset by lower income tax expenses.

In the opinion of the Directors, no transaction has arisen between 31 March 2019 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 Group will continue to closely monitor its room occupancy and room rates, enhance our customer experiences, upgrade our hotel properties and explore more investment opportunities, in order to maximize shareholder income and enlarge its market share.

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

The Group's managed fund portfolio will continue to be affected by the Global economy slowdown, Brexit uncertainty, geopolitical and trade 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.

## 11 DIVIDEND

### (a) Current Financial Period Reported On

No interim dividend is recommended for the current first quarter ended 31 March 2019.

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

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

### (c) Date payable

Not applicable.

### (d) Books closure date

Not applicable.

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

The Group's practice is to consider declaring dividend on an annual basis. Therefore, there was no interim dividend declared for the first quarter ended 31 March 2019.

## 12 INTERESTED PERSON TRANSACTIONS

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

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

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

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

The directors confirm that, to the best of their knowledge, nothing has come to attention of the Board of Directors which may render the unaudited interim financial results for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Sin Chee Mei  
Company Secretary

9 May 2019