



## HOTEL ROYAL LIMITED

(Incorporated in the Republic of Singapore)  
(Registration Number: 196800298G)

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**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 16,800,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$3.00 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

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### 1. Introduction

- 1.1 The board of directors (the “**Directors**”) of Hotel Royal Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 16,800,000 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$3.00 (the “**Issue Price**”) for each Rights Share on the basis of one (1) Rights Share for every five (5) existing ordinary shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.
- 1.2 The Company has decided to undertake the Rights Issue on a non-underwritten basis in view of cost savings in respect of underwriting fees. In addition, there will be Irrevocable Undertakings (as defined below) from the Undertaking Shareholders (as defined below) to subscribe for the Rights Shares.

### 2. Other Principal Terms of the Rights Issue

- 2.1 The Rights Issue is proposed to be made on a renounceable non-underwritten basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) Market Days (a “**Market Day**” being a day on which the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) is open for trading in securities) prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Entitled Shareholders**”). Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares, preference will be given to Entitled Shareholders for the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotments or issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

- 2.2 The Issue Price represents a discount of 25% to the closing market price of S\$4 per Share on the SGX-ST on 10 May 2018, being the last Market Day on which the Shares were traded immediately preceding this announcement.
- 2.3 The Issue Price will be payable in full upon acceptance and/or application. The Rights Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.
- 2.4 Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.
- 2.5 Subject to the SGX-ST's consent, the Company may scale down any Shareholder's application to subscribe for the Rights Shares to avoid placing such a Shareholder in the position of incurring an obligation to make a mandatory general offer for the Shares under the Singapore Code on Takeovers and Mergers as a result of other Shareholders not taking up their entitlements of Rights Shares in full.
- 2.6 The Rights Issue will be undertaken pursuant to the share issue mandate approved by Shareholders at the Annual General Meeting of the Company held on 28 April 2018.

### **3. Purpose of the Rights Issue and the Use of Proceeds**

- 3.1 Through the Rights Issue, the Company seeks to strengthen its financial position, enlarge its capital base and further enhance the financial flexibility of the Group. In particular, the Net Proceeds (as defined below) of the Rights Issue will be used for (a) the repayment of the bank borrowings of the Company; and (b) general working capital purposes, so as to provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans.
- 3.2 Assuming that the Rights Issue is fully subscribed by all Shareholders (i.e. the Maximum Subscription Scenario), based on the existing share capital of 84,000,000 ("**Existing Share Capital**"), up to 16,800,000 Rights Shares may be issued pursuant to the Rights Issue.
- 3.3 Assuming that none of the Shareholders other than Undertaking Shareholders subscribes fully for its entitlements to the Rights Shares pursuant to the Irrevocable Undertakings (i.e. the Minimum Subscription Scenario), up to 10,137,400 Rights Shares may be issued pursuant to the Rights Issue.
- 3.4 In the event of the Maximum Subscription Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price, will raise approximately S\$50.40 million and the estimated net proceeds, after deducting estimated costs and expenses of S\$0.10 million relating to the Rights Issue ("**Net Proceeds**"), is approximately S\$50.30 million.
- 3.5 In the event of the Minimum Subscription Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price will raise approximately S\$30.41 million and the estimated Net Proceeds, after deducting estimated costs and expenses of S\$0.10 million relating to the Rights Issue, is approximately S\$30.31 million. The minimum proceeds raised (based on the Irrevocable Undertakings) will be sufficient to meet the Company's present funding requirements.

- 3.6 The Company intends to utilise the Net Proceeds for the following purposes, based on two different assumptions: (1) Maximum Subscription Scenario and (2) Minimum Subscription Scenario:-

Use of Net Proceeds	Maximum Subscription Scenario		Minimum Subscription Scenario	
	Amount (S\$ million)	Percentage of Net Proceeds (%)	Amount (S\$ million)	Percentage of Net Proceeds (%)
Repayment of bank borrowings of the Company	40.00	79.5	20.00	66.0
General working capital purposes	10.30	20.5	10.31	34.0
<b>Total</b>	<b>50.30</b>	<b>100</b>	<b>30.31</b>	<b>100</b>

- 3.7 Pending the deployment of the Net Proceeds, these proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company and its subsidiaries.
- 3.8 The Directors are of the opinion that there is no minimum amount which must be raised from the Rights Issue in view of the Irrevocable Undertakings.
- 3.9 The Company will make periodic announcements on the use of the Net Proceeds as and when such proceeds are materially disbursed and will provide a status report on the use of proceeds from the Rights Issue in the annual report(s). Where the Rights Issue proceeds are to be used for working capital, the Company will provide a breakdown with specific details on the use of such proceeds for working capital in the announcements and annual reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

#### **4. Eligibility to Participate in the Rights Issue**

##### **4.1 Entitled Shareholders**

The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders under the Rights Issue. The Entitled Shareholders comprise Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive a copy of the Offer Information Statement to be issued by the Company in connection with the Rights Issue (“OIS”) together with the appropriate application forms and accompanying documents at their respective Singapore addresses.

##### **4.2 Entitled Depositors**

“**Entitled Depositors**” are Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date, provided that such Entitled Depositors have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, they have provided CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, with a registered address in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date.

#### 4.3 Entitled Scripholders

**“Entitled Scripholders”** are Shareholders whose share certificates are not deposited with CDP and who have tendered to B.A.C.S. Private Limited (**“Share Registrar”**) valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date, provided that such Entitled Scripholders have registered addresses in Singapore with the Share Registrar as at the Books Closure Date or if they have registered addresses outside Singapore, they have provided the Share Registrar, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, with a registered address in Singapore no later than 5.00 pm. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date.

#### 4.4 Supplementary Retirement Scheme (“SRS”)

Members under the SRS (**“SRS Members”**) who bought their Shares previously using their account opened with the relevant approved bank (**“SRS Accounts”**) and who wish to accept their provisional allotments of Rights Shares and apply for excess Rights Shares (if applicable) can only do so, subject to applicable SRS rules and regulations, using monies standing to the credit of their respective SRS Accounts. Such SRS Members who wish to accept their provisional allotments of Rights Shares and apply for excess Rights Shares using SRS monies (if applicable), must instruct the relevant approved banks in which they hold their SRS Accounts to accept their provisional allotments of Rights Shares and apply for excess Rights Shares (if applicable) on their behalf in accordance with the OIS. Any application made directly to CDP or through automated teller machines of any participating bank appointed and named in the OIS by such Entitled Shareholders will be rejected. For the avoidance of doubt, monies in SRS Accounts may not be used for the purchase of the provisional allotments of Rights Shares directly from the market. Such Entitled Shareholders should refer to the OIS to be lodged with the Monetary Authority of Singapore for important details relating to the offer procedure in connection with the Rights Issue.

#### 4.5 Central Provident Fund Investment Scheme

Persons who bought their Shares previously using their Central Provident Fund Investment Scheme – Ordinary Account may use, subject to applicable Central Provident Fund (**“CPF”**) rules and regulations, their CPF ordinary account savings (**“CPF Funds”**) for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares. Such persons who wish to accept their provisional allotments of Rights Shares will need to instruct their respective approved banks where they hold their CPF investment accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the OIS. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

#### 4.6 Foreign Shareholders

For practical reasons and in order to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares will NOT be offered to Shareholders whose registered addresses with the Company or CDP, as the case may be, are outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (the **“Foreign Shareholders”**). If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of the Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the OIS.

## 5. Irrevocable Undertakings

5.1 As at the date of this announcement, the substantial Shareholders' and Directors' interests are as follows:

	Direct Interest No. of Shares	Deemed or Indirect Interest No. of Shares	Total Interest No. of Shares	%
<b>Directors</b>				
Dr Lee Keng Thon <sup>(1)</sup>	534,800	-	534,800	0.64
Prof Pang Eng Fong	-	-	-	-
Dr Tan Kim Song	-	-	-	-
Yang Wen-Wei	-	-	-	-
Lee Khin Tien <sup>(1)</sup>	235,200	-	235,200	0.28
Lee Kin Hong <sup>(1)</sup>	77,280	336,000	413,280	0.49
<b>Substantial Shareholders</b>				
Lee Chou Hor George <sup>(1), (2)</sup>	42,000	10,830,400	10,872,400	12.94
Lee Chou Tart <sup>(1), (3)</sup>	-	10,816,400	10,816,400	12.88
Aik Siew Tong Ltd <sup>(4)</sup>	9,766,000	22,074,200	31,840,200	37.91
Hock Tart Pte Ltd <sup>(5)</sup>	7,456,400	23,646,000	31,102,400	37.02
The Great Eastern Life Assurance Co Ltd <sup>(6)</sup>	9,307,012	3,360	9,310,372	11.08
Great Eastern Holdings Limited <sup>(7)</sup>	-	10,051,438	10,051,438	11.97
Oversea-Chinese Banking Corporation Limited <sup>(8)</sup>	-	10,051,438	10,051,438	11.97
Asia Building Bhd <sup>(9)</sup>	6,875,400	1,155,000	8,030,400	9.56
Melodies Limited <sup>(4)</sup>	5,480,000	2,500,000	8,980,000	10.69
<b>Other Shareholders</b>				
The Singapore-Johore Express (Private) Limited <sup>(4)</sup>	3,574,200	-	3,574,200	4.26
Chip Keng Holding Bhd <sup>(9)</sup>	1,155,000	-	1,155,000	1.38

### Notes:

- (1) Dr Lee Keng Thon, Mr Lee Khin Tien, Mr Lee Kin Hong are siblings and Mr Lee Chou Hor George and Mr Lee Chou Tart are their nephews. Dr Lee Keng Thon, Mr Lee Khin Tien, Mr Lee Kin Hong, Mr Lee Chou Hor George and Mr Lee Chou Tart together with the parents, siblings, spouses, children, nieces and nephews, as the case may be, shall be known as the "Lee Family".
- (2) Lee Chou Hor George owns 23.8% of the share capital of Hock Tart Pte Ltd ("Hock Tart"). He is deemed interested in the 7,456,400 shares held by Hock Tart and 3,360,000 shares held by its nominee, Oversea-Chinese Bank Nominees Pte Ltd. He is also deemed interested in the 14,000 shares held by his spouse.

- (3) Lee Chou Tart owns 23.8% of the share capital of Hock Tart. He is deemed interested in the 7,456,400 shares held by Hock Tart and 3,360,000 shares held by its nominee, Oversea-Chinese Bank Nominees Pte Ltd.
- (4) Aik Siew Tong Ltd (“AST”) holds 83.4% and 69.1% of the share capital of Melodies Limited (“Melodies”) and The Singapore-Johore Express (Private) Limited (“S-J Express”) respectively and is deemed to be interested in the 5,480,000 shares and 3,574,200 shares held by Melodies and S-J Express respectively. AST is also deemed to have an interest of 10,520,000 shares held by its nominees, Oversea-Chinese Bank Nominees Pte Ltd, United Overseas Bank Nominees Pte Ltd and Maybank Nominees (S) Pte Ltd. In addition, Melodies is also deemed to have an interest of 2,500,000 shares held by its nominee, Oversea-Chinese Bank Nominees Pte Ltd.
- (5) Hock Tart holds 31.7% of the share capital of AST and is therefore deemed interested in the 20,286,000 shares held by AST and its nominees. Hock Tart is also deemed to have an interest of 3,360,000 shares held by its nominee, Oversea-Chinese Bank Nominees Pte Ltd.
- (6) The Great Eastern Life Assurance Co Ltd is the wholly-owned subsidiary of Great Eastern Holdings Limited. Great Eastern Holdings Limited is therefore deemed interested in the 9,310,372 shares (of which 3,360 shares are registered in the name of United Overseas Bank Nominees Pte Ltd).
- (7) Great Eastern Holdings Limited is deemed interested in 10,051,438 shares comprising 9,310,372 shares as aforementioned and 741,066 shares registered in the name of its subsidiary, The Great Eastern Trust Private Limited (of which 3,360 shares registered in the name of United Overseas Bank Nominees Pte Ltd).
- (8) Oversea-Chinese Banking Corporation Limited is deemed to be interested in the 10,051,438 shares held by The Great Eastern Life Assurance Co Ltd and The Great Eastern Trust Private Limited (of which 3,360 shares registered in the name of United Overseas Bank Nominees Pte Ltd) through Great Eastern Holdings Limited.
- (9) Chip Keng Holding Bhd is the wholly-owned subsidiary of Asia Building Bhd. Asia Building Bhd is deemed interested in the 1,155,000 shares held by Chip Keng Holding Bhd.

5.2 Aik Siew Tong Ltd, Hock Tart Pte Ltd, Asia Building Bhd, Melodies Limited, The Singapore-Johore Express (Private) Limited and Chip Keng Holding Bhd (the “**Undertaking Shareholders**”) hold an aggregate of 50,687,000 Shares representing 60.34% of the existing issued share capital of the Company.

5.3 To demonstrate their support for the Rights Issue as well as their commitment to the Company, each of the Undertaking Shareholders has given irrevocable undertakings to, *inter alia*:

- (a) subscribe and/or procure the subscription and payment for the whole of its entitlement under the Rights Issue of an aggregate of 10,137,400 Rights Shares at an issue price of S\$3.00 each, which amounts to approximately S\$30,412,200; and
- (b) ensure that none of the Shares that it owns or controls as at the date of the Irrevocable Undertaking are disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares,

(collectively, the “**Irrevocable Undertakings**”).

5.4 Each of the Undertaking Shareholders has also provided a confirmation to the Company from the relevant financial institutions that it has sufficient financial resources for the purposes of fulfilling its obligations pursuant to the Irrevocable Undertakings.

5.5 In view of the Irrevocable Undertakings as well as the cost savings in respect of underwriting fees, the Rights Issue will not be underwritten by any financial institution.

## 6. Approvals

6.1 The Rights Issue is subject to, *inter alia*, the following conditions:-

- (a) the lodgement of an OIS in connection with the Rights Issue, together with all other accompanying documents (if applicable), by the Company with the Monetary Authority of Singapore; and

- (b) the approval in-principle having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing of and quotation for the Rights Shares on the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company.

6.2 An application will be made to the SGX-ST for permission to deal in and for the listing and quotation of the Rights Shares on the Mainboard of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course when the Company receives the approval in-principle for the Rights Shares from the SGX-ST.

## **7. Working Capital**

The Directors are of the opinion that, after taking into consideration the Company's present internal resources, bank facilities and the Net Proceeds, the Group will have sufficient working capital to meet its present requirements.

## **8. Interests of Directors and Substantial Shareholders**

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interests, direct or indirect, in the Rights Issue, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

## **9. Directors' Responsibility Statement**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **10. Cautionary Statement**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Dr Lee Keng Thon  
Chairman

11 May 2018