



## 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 20,160,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$2.00 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 RECORD 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 20,160,000 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$2.00 (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 “**Record 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 an Irrevocable Undertaking (as defined below) from the Undertaking Shareholders (as defined below) to subscribe for the Rights Shares.

### 2. Principal Terms of the Rights Issue

- 2.1 The principal terms of the Rights Issue are set out below:

Principal Terms of the Rights Issue	Description
Price	The Issue Price of each Rights Share will be S\$2.00, payable in full upon acceptance and/or application.  Please refer to paragraph 2.4 below for further details.
Discount (specifying benchmarks and periods)	The Issue Price represents:  (i) a discount of approximately 30.8% to the closing market price of S\$2.89 per Share on the SGX-ST (as defined below) on 4 October 2022, being the last Market Day (as defined below) on which the Shares were traded immediately preceding this announcement (the “ <b>Last Traded Price</b> ”); and

	<p>(ii) a discount of approximately 27.0% to the theoretical ex-rights price of S\$2.74<sup>1</sup> per Share as calculated based on the last Market Day on the Last Traded Price.</p> <p>Please refer to paragraph 2.3 below for further details.</p>
Allotment Ratio	<p>The Rights Issue will be made on a renounceable basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every five (5) existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.</p> <p>Please refer to paragraph 2.2 below for further details.</p>
Use of Proceeds	<p>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.</p> <p>Please refer to paragraph 3 below for further details.</p>
Purpose of Rights Issue	<p>Please refer to paragraph 3 below for further details.</p>

2.2 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 Record 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 Record 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.

2.3 The Issue Price represents a discount of 30.8% to the closing market price of S\$2.89 per Share on the SGX-ST on 4 October 2022, being the last Market Day on which the Shares were traded immediately preceding this announcement. In determining the Issue Price and the discount as set out in paragraph 2 of this announcement, the Directors had taken into consideration the

<sup>1</sup> Such theoretical ex-rights price is the theoretical market price of each Share assuming the completion of the Rights Issue and is calculated based on the Last Traded Price of the Shares on the Main Board of the SGX-ST of S\$2.89 on the Last Trading Day, and the number of Shares following the completion of the Rights Issue.

volume weighted average price of the Shares on 4 October 2022 and the theoretical ex-rights price computed on the same.

- 2.4 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.
- 2.5 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.
- 2.6 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.
- 2.7 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 30 April 2022.

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

- 3.1 In view of the Group's present financial position, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Company has decided to undertake the Rights Issue with the objective of strengthening its financial position, enlarging its capital base and further enhancing the financial flexibility of the Group. The Net Proceeds of the Rights Issue will be used for (a) the repayment of 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 100,800,000 ("**Existing Share Capital**"), up to 20,160,000 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 Undertaking (i.e. the Minimum Subscription Scenario), up to 12,164,880 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\$40.3 million and the estimated net proceeds, after deducting estimated costs and expenses of S\$0.1 million relating to the Rights Issue ("**Net Proceeds**"), is approximately S\$40.2 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\$24.3 million and the estimated Net Proceeds, after deducting estimated costs and expenses of S\$0.1 million relating to the Rights Issue, is approximately S\$24.2 million. The minimum proceeds raised (based on the Irrevocable Undertaking) 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	10.0	24.9	5.0	20.7
General working capital purposes	30.2	75.1	19.2	79.3
<b>Total</b>	<b>40.2</b>	<b>100.0</b>	<b>24.2</b>	<b>100.0</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 Undertaking.
- 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 Record Date, provided that such Entitled Depositors have registered addresses in Singapore with CDP as at the Record Date or if they have registered addresses outside Singapore, they have provided CDP, at 11 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138589, 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 Record 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 Record Date, provided that such Entitled Scripholders have registered addresses in Singapore with the Share Registrar as at the Record 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 Record 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 Record 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 Undertaking

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

<i>Directors</i>	<b>Direct Interest No. of Shares</b>	<b>Deemed or Indirect Interest No. of Shares</b>	<b>Total Interest No. of Shares</b>	<b>%</b>
Yang Wen-Wei	-	-	-	-
Dr Tan Kim Song	-	-	-	-
Lee Khin Tien <sup>(1)</sup>	282,240	-	282,240	0.28
Lee Kin Hong <sup>(1)</sup>	92,736	403,200	495,936	0.49
Dr Lee Chu Muk	-	-	-	-
Lee Chou Hor George <sup>(1), (2)</sup>	42,000	12,993,680	13,035,680	12.93

### **Substantial Shareholders**

Lee Chou Hor George <sup>(1), (2)</sup>	42,000	12,993,680	13,035,680	12.93
Lee Chou Tart <sup>(1), (3)</sup>	-	12,979,680	12,979,680	12.88
Aik Siew Tong Ltd <sup>(4)</sup>	24,343,200	13,865,040	38,208,240	37.91
Hock Tart Pte Ltd <sup>(5)</sup>	10,979,680	26,343,200	37,322,880	37.03
The Great Eastern Life Assurance Co Ltd <sup>(6)</sup>	11,172,446	-	-	11.08
Great Eastern Holdings Limited <sup>(7)</sup>	-	12,065,757	12,065,757	11.97
Oversea-Chinese Banking Corporation Limited <sup>(8)</sup>	-	12,065,757	12,065,757	11.97
Asia Building Bhd <sup>(9)</sup>	8,250,480	1,386,000	9,636,480	9.56
Melodies Limited <sup>(4)</sup>	9,576,000	-	9,576,000	9.50

### **Other Shareholders**

The Singapore-Johore Express (Private) Limited <sup>(4)</sup>	4,289,040	-	4,289,040	4.26
Chip Keng Holding Bhd <sup>(9)</sup>	1,386,000	-	-	1.38

#### **Notes:**

(1) Mr Lee Khin Tien and Mr Lee Kin Hong are siblings and Mr Lee Chou Hor George and Mr Lee Chou Tart are their nephews.

- (2) Lee Chou Hor George owns 24.84% of the share capital of Hock Tart Pte Ltd ("**Hock Tart**"). He is deemed interested in the 10,979,680 shares, 24,343,200 shares and 2,000,000 shares held by Hock Tart, Aik Siew Tong Ltd and Oversea-Chinese Bank Nominees Pte Ltd respectively. He is also deemed interested in the 14,000 shares held by his spouse.
  - (3) Lee Chou Tart owns 24.84% of the share capital of Hock Tart. He is deemed interested in the 10,979,680 shares, 24,343,200 shares and 2,000,000 shares held by Hock Tart, Aik Siew Tong Ltd and Oversea-Chinese Bank Nominees Pte Ltd respectively.
  - (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 9,576,000 shares and 4,289,040 shares held by Melodies and S-J Express respectively.
  - (5) Hock Tart holds 31.7% of the share capital of AST and is therefore deemed interested in the 38,208,240 shares held by AST and its nominees. Hock Tart is also deemed to have an interest of 2,000,000 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 11,172,446 shares (of which 4,032 shares are registered in the name of DBS Nominees (Private) Limited).
  - (7) Great Eastern Holdings Limited is deemed interested in 12,065,757 shares comprising 11,172,446 shares as aforementioned and 889,279 shares registered in the name of its subsidiary, The Great Eastern Trust Private Limited (of which 4,032 shares registered in the name of DBS Nominees (Private) Limited).
  - (8) Oversea-Chinese Banking Corporation Limited is deemed to be interested in the 11,172,446 shares held by The Great Eastern Life Assurance Co 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 1,386,000 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 60,824,400 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, the Undertaking Shareholders have given an irrevocable undertaking 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 12,164,880 Rights Shares at an issue price of S\$2.00 each, which amounts to approximately S\$24.3 million; and
  - (b) ensure that none of the Shares that they own or control 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,
- (the "**Irrevocable Undertaking**").
- 5.4 The Undertaking Shareholders have also provided a confirmation to the Company from the relevant financial institution that the relevant Undertaking Shareholders have sufficient financial resources for the purposes of fulfilling their relevant obligations pursuant to the Irrevocable Undertaking.
- 5.5 In view of the Irrevocable Undertaking 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.
- 6.3 The Record Date will also be fixed in due course after obtaining the approval in-principle from the SGX-ST, for which an announcement on the Record Date will be separately made by the Company in due course.

## **7. Working Capital**

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

## **8. Previous Equity Fund Raising in the Past 12 Months**

The Company has not undertaken any previous equity fund raising in the past 12 months.

## **9. Notification Under Section 309B of the Securities and Futures Act 2001 of Singapore**

The provisional allotments of Rights Shares and the Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **10. 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.

## **11. 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.



## **12. 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

Mr Yang Wen-Wei  
Chairman

7 October 2022