



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

**RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED
FROM SHAREHOLDERS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON
30 APRIL 2022**

The Board of Directors of Hotel Royal Limited (the **Company**) would like to thank shareholders who have submitted their questions in advance of the Company's 53rd Annual General Meeting ("**AGM 2022**") to be held by electronic means on Saturday, 30 April 2022 at 2:30 p.m.

Please refer to [Annex A](#) which sets out the Company's responses to substantial and relevant questions relating to the AGM 2022 resolutions received from shareholders. For shareholders' ease of reference and reading, the Company wishes to inform shareholders that it had summarized and consolidated certain related and similar questions under relevant topic headings and made editorial amendments to some of the questions to ensure that the meaning of each question is clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions.

By Order of the Board

Sin Chee Mei
Company Secretary

23 April 2022

ANNEX A

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM SHAREHOLDERS

Question 1:

I am concerned about the hospitality business going forward due to the pandemic. I am equally concerned about the declining hotel revenue in Singapore. Could the management and Board have a strategic review on Hotel Royal Newton and Hotel Royal@Queens with a view as to a joint venture with reputable partners to explore maximising the development of both hotel sites or even be managed by hotel franchises as an alternative to give a better shareholders' return?

The Company's Response:

The decline in Singapore's hotel revenue was mainly due to the Covid-19 related restrictions imposed by the government. With the recent re-opening of the Singapore borders and the high vaccination rate, the performance of the Singapore's hospitality industry should improve.

Presently, we prefer to build our hotel brand rather than be managed by a hotel chain.

Given the challenges and recovery uncertainty for businesses to navigate the effects of the Covid-19 pandemic, this may not be the right time to redevelop the hotel sites in Singapore as our priority should be preserving cash and consolidate the balance sheet.

Question 2:

Question 2(a)

What is the latest status of the Penang shopping mall and Penang hotel? Any plans to sell these assets?

The Company's Response:

Penang Plaza is in operation and has healthy occupancy rate. Hotel Royal Penang is presently closed as it is more cost effective to stay closed presently. If we are offered the right price, we are open to disposing the Penang properties.

Question 2(b)

Why is the company not considering buying back the undervalued hotel shares from the market and raising the shareholder value, which is better than investing money on risking financial instruments?

The Company's Response:

The company does not consider buying back its shares as this will reduce the relatively small free float of about 24.3%.

Cash utilised for share buybacks will also divert cash from other investments and business opportunities.

Question 2(c)

The company has many new director posts and also that many management staff on the board are from the Lee family. How could the company perform professionally in all its judgements with so many related family members?

For the board, it is effectively controlled by Lee family as the independent directors are also from Lee family. How could we be assured that the independent director can make decision with all shareholder interests taking into account.

The Company's Response:

The Board of Directors and management are duty-bound to apply high ethical standards and take into account the interest of all stakeholders. The company chooses its directors and management staff carefully, ensuring that they are suitably qualified and with the correct ethical attitude in looking after all stakeholders' interest.

The Chairman of the Board of Director, Mr Yang Wen-Wei is an independent director and together with Dr Tan Kim Song are independent from management and substantial shareholders.

They exercise objective and independent judgement on all corporate affairs, add significant value by monitoring management and ensuring that minority shareholders' interests are not compromised.

The Board of Directors is of the opinion that Mr Yang Wen-Wei and Dr Tan Kim Song do not have any characteristics which would cause them to be unable to express their independent opinions with regard to the Group's business operations.

(The shareholders' questions have been edited for clarity.)