



HOTEL PROPERTIES LIMITED
Co. Reg No : 198000348Z

RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 ("ANNUAL REPORT 2021")

The Board of Directors (the "Board") of Hotel Properties Limited (the "Company", and together with its subsidiaries, the "Group") wishes to provide the following response to the queries raised by SGX-ST on 20 April 2022 in connection with the Company's Annual Report 2021 released via SGXNet on 6 April 2022 (the "Annual Report 2021"):

Query 1:

Provision 8.1(a) of the Code of Corporate Governance 2018 requires the issuer to disclose the amounts and breakdown of remuneration of each individual director and the CEO, or to explain its deviation from such disclosures. The Company had only disclosed the amounts and breakdown of remuneration of its directors and Managing Director in bands of S\$250,000. Please provide the Company's explanation for its deviation from Provision 8.1(a) of the Code of Corporate Governance 2018.

Company's response:

For FY2021, the Company had disclosed the remuneration of the Executive Directors and the Managing Director in bands of \$250,000 of the Annual Report 2021, which constitutes a variation from Provision 8.1(a) of the 2018 Code. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the Executive Directors and the Managing Director as well as the level and mix of remuneration have been disclosed on page 109 of the Annual Report 2021.

Furthermore, the Remuneration Committee and the Board are of the opinion that the remuneration packages of the Executive Directors and the Managing Director are of a confidential and sensitive nature, the disclosure of which would place the Group in a competitively disadvantageous position, and as such, have chosen to make disclosures in relation thereto in bands of \$250,000.

Query 2:

Please provide further information on the size, relevant experience and track record of the outsourced internal audit firm, One e-Risk Services Pte Ltd and the experience and qualifications of the engagement team. Please also substantiate with data on how the Board assessed the adequacy of resources and effectiveness of the internal auditors.

Company's response:

As disclosed in the Annual Report 2021, the Group has outsourced its internal audit function to One e-Risk Services Pte Ltd ("One e-Risk" or the "IA"). One e-Risk is an independent internal audit service provider since 2005, headed by Mr Chen Yeow Sin, who is a practising Fellow Member of The Institute of Singapore Chartered Accountants and a non-practising Fellow Member of The Institute of Chartered Accountants in England and Wales. Prior to heading One e-Risk, he was Unocal Corporation's Southeast Asia internal audit manager for three years. Unocal is a United States energy and resource company, whose Southeast Asia subsidiaries employed over 4,000 staff. He was responsible for the

financial, operational, joint ventures, compliance and conflicts of interest audit of the Southeast Asia business units.

One e-Risk is a member of The Institute of Internal Auditors (“IIA”) and meets the standards set by internationally recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by IIA. It is a full-resourced service provider of internal audit, corporate governance and risk management services and is supported by a team manager who has more than 20 years of internal auditing and accounting experience. The team manager is a Certified Internal Auditor and Certified Risk Management Assurance with industry experience includes leisure and hospitality, building & construction, property development & management, manufacturing & engineering, distribution and retailing, logistics management and mining & forestry.

One e-Risk currently provides internal audit service to clients primarily listed on the Singapore Exchange Securities Trading Limited and an Indian MNC.

Having regard to the adequacy of resources and experience of One e-Risk and the assigned engagement team, number and experience of supervisory and professional staff assigned to the internal audits, the Audit Committee and the Board are satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The Audit Committee and the Board are also satisfied that the internal audit function is independent, effective and adequately resourced.

By Order of the Board

Lo Swee Oi
Company Secretary

22 April 2022