



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

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**RESPONSE TO QUERIES FROM SGX-ST ON THE COMPANY'S ANNUAL REPORT**

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The Board of Directors of Hotel Royal Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by the SGX-ST in respect of the Company’s Annual Report for the financial year ended 31 December 2022 (the “**Annual Report**”) on 21 April 2023 and wish to respond as follows:

**SGX-ST’s Query 1:**

The Company disclosed on page 91 of its Annual Report that “There were no interested person transactions in excess of \$100,000 per transaction entered into by the Company and Group for the year under review or have been entered into since the end of the previous financial year.”.

Please reconcile the statement mentioned above with Note 5, which pertains to related party transactions on pages 143 and 144 and provide an explanation as to why the amount of rental income of S\$112,000 received from entities in which certain directors of the Company have equity interest, hold significant influence and/or are key management personnel of the entities were not reported as interested person transactions.

**Company’s Response:**

The Company wishes to clarify the following made in the annual report page 91 as follows:

The Company’s disclosure in related party transactions for FY 2022 as set out on pages 143 to 144 of this Annual Report. Except for these transactions, there were no other interested person transactions in excess of \$100,000 per transaction entered into by the Company and Group for the year under review or have been entered into since the end of the previous financial year.

The clarifications are underlined as above for ease of reference.

**SGX-ST’s Query 2:**

The Company disclosed on page 87 of its Annual Report that its internal audit function has been outsourced to a professional firm, Philip Liew & Co. which is staffed with persons of relevant qualifications and experience to carry out the internal audit, taking guidance from the International Standards for the Professional Practice of Internal auditing set by The Institute of Internal Auditors, and report directly to the ARC on internal audit matters.

Pursuant to Rule 1207(10)c of the Listing Manual, please provide specific details to substantiate the AC’s confirmation on the independence, effectiveness and adequacy of the IA with elaboration on the resource adequacy of Philip Liew & Co, including whether it has undertaken internal audit reviews of companies in the same industry, the track record and experience of the internal audit team and whether the internal auditor adopts the standards set by the IIA.

### **Company's Response:**

As disclosed in the Annual Report 2022 page 87, the Group has outsourced its internal audit function to Philip Liew & Co (the "Firm"). The Firm is a public accounting firm that has been established for almost 30 years and is currently led by 4 partners with more than 15 professional staff. The Firm offers professional services including external audit, risk assurance (internal audit), tax compliance and advisory and corporate support services.

The engagement team for the internal audit assignment of the Company and its subsidiaries comprises an Engagement Partner, Engagement Manager and supported by consultants. The Engagement Partner is a Chartered Accountant with more than 25 years of public accounting experience in Singapore and extensive experience in assurance and business advisory. Her portfolio of clients includes companies in Singapore as well as those with a presence in Malaysia, Hong Kong, China, Indonesia, Germany and USA. She holds a Master in Business Administration and is a Certified Internal Auditor ("CIA") with the Institute of Internal Auditors Singapore. The Engagement Manager has approximately 19 years of relevant experience in risk assurance (internal audit) with commercial companies. With experience in carrying out internal audit engagements and having undertaken reviews of companies in similar industry, the engagement team is guided by the standards set by the IIA.

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

### **SGX-ST's Query 3:**

The Company has disclosed that it has adopted a Board Diversity Policy on page 74 of its Annual Report. Rule 710A(2) of the Listing Manual states that an issuer must describe in its annual report its board diversity policy, including the following: (a) the issuer's targets to achieve diversity on the board; (b) the issuer's accompanying plans and timelines for achieving the targets; (c) the issuer's progress towards achieving the targets within the timelines; and (d) a description of how the combination of skills, talents, experience and diversity of its directors serve the needs and plans of the issuer. Please elaborate on the Company's specific targets for its board diversity policy, accompanying plans and timelines, and its progress towards achieving targets within the timelines, as required under Rule 710A(2).

### **Company's Response:**

The Board has adopted a Board Diversity Policy which recognizes the importance of diversity and considers the various diversity aspects in the Board Diversity Policy such as skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of its own diverse Board, so as to avoid groupthink and foster constructive debate.

The ages of Directors range from 43 to 71. The Directors of the Company come from diverse backgrounds and possess core competencies, qualifications and skills, all of whom as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

Notwithstanding the Board comprises members of the same gender, the Board Diversity Policy provides that the Nominating Committee (“**NC**”) and the Board shall endeavor to enable gender diversity to be included for consideration when identifying candidates to be appointed as new directors, in achieving gender equality.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- (1) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (2) Annual evaluation by the Directors of the skill sets the other Director possess, with a view to understand the range of expertise which is lacking by the Board.

The NC of the Company is of the view that the current Board comprises members with diverse competencies, experience and skills that match the demands of the Group. The Board comprises Directors who provide core competencies in accounting and finance, industry knowledge, investment, business experience, strategic planning, leadership and customer-based experience and knowledge.

The Board is aware that gender diversity on the Board is one of the recommendations under the Code to provide an appropriate balance of diversity. The Board is currently looking for a suitable independent female director to increase the number of independent Directors. The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity. In addition, the NC reviews the Company’s Board Diversity Policy from time to time, as appropriate, to ensure the continued effectiveness and relevance, and any revisions, where necessary, will be recommended to the Board for approval.

#### **SGX-ST’s Query 4:**

We refer to the Company’s whistle-blowing policy as described on page 85 of the Annual Report. Please elaborate how the Company had complied with Listing Rule 1206(18B)(d) which requires the Audit Committee of the Company, and not the Board, to be responsible for oversight and monitoring of the whistleblowing policy.

#### **Company’s Response:**

The Board undertakes to investigate complaints of suspected fraud objectively and has put in place a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation or reprisal and has designated the Audit and Risk Committee (“**ARC**”) to oversee whistleblowing reports. Independent investigation and appropriate follow up actions are undertaken by the Chairman of the ARC and the outcome is reported to the ARC. The ARC reviews all such whistleblowing reports, findings, follow-up actions and outcomes at its scheduled meetings. The Whistleblowing Policy and its effectiveness will be reviewed by the ARC periodically, with recommendations regarding updates or amendments, if any, to be made to the Board as required.

By Order of the Board

Sin Chee Mei  
Company Secretary

25 April 2023