



HOTEL ROYAL LIMITED

(Co. Reg. No. 196800298G)

(Incorporated in the Republic of Singapore)

Minutes of the 48th Annual General Meeting of Hotel Royal Limited (“Company”) held at Hotel Royal @ Queens, Queen’s Room, Level 3, 12 Queen Street, Singapore 188553 on Saturday, 29 April 2017 at 10.00 a.m.

Present	Shareholders
Board of Directors/Company Secretary	
1. Dr Lee Keng Thon (i) Non-Executive Group Chairman (ii) Shareholder (iii) Proxy for: - DBS Nominees Pte Ltd - The Great Eastern Life Assurance Company Limited - The Great Eastern Trust Private Limited - United Overseas Bank Nominees (Private) Limited - Citibank Nominees Singapore Pte Ltd	1. Au Yong Wah Kien 2. Boey Kum Tong Francis (Mei Jintang) 3. Chan Sig Yam 4. Chan Toh Weng 5. Chan Wah Soon 6. Chia Kok Yee 7. Chiam Toon Chew 8. Chiow Gek Inn 9. Chong Kwang Heng 10. Chong Siong Ann Benjamin 11. Chow Kwok Pun 12. Fong Seng Narp 13. Fong Siew Fhong 14. Foong Soon Hoe 15. Ho Ah Moy @ Ho Lia Eng 16. Ho Whai Fong 17. Kang Poh Lock 18. Kong Ah Lay 19. Lau Kim Hup 20. Lau Swee Sang 21. Ler Chui Lay Vivien 22. Lew Cheng Hwee 23. Lew Mooi Yoon 24. Liew Yok Lien 25. Lily Chia Soi Moey 26. Lim Kok Sun (Lin Guoshan) 27. Low Hee Koon 28. Low Kim Koon 29. Low Moh Ngee 30. Low Pek Hoon 31. Lum Weng Yu 32. Mccallum John Charles 33. Neo Lay Hong Mrs Peh Kok Wah 34. Neo Thua Tee 35. Ong Han Kiat 36. Peh Kok Wah @ Peh Wah Chye 37. Poh Hou Chieng 38. Puah Poo Boon (Pan Fuwen) 39. Quek Nam Kee 40. Seet Hong Kheng 41. Shiao Chung Chiang 42. Sim Moh Chang 43. Simeon L Tan 44. Song Kheng Kong 45. Tan Ah Soong 46. Tan Beng Chuan Frederick 47. Tan Han Siah 48. Tan Kah Gek 49. Tan Kong Jok @Tan Kong Jeok 50. Tan See Wah 51. Tan Tok Jin 52. Tan Whee Li
2. Col (Ret) Rodney How Seen Shing (Lead Independent Non-Executive Director)	
3. Professor Pang Eng Fong (Independent Non-Executive Director)	
4. Dr Tan Kim Song (Independent Non-Executive Director)	
5. Mr Lee Khin Tien (i) (Non-Executive Director) (ii) Shareholder (iii) Proxy for: - Aik Siew Tong Limited - Asia Building Berhad - Chan Tai Moy - Chip Keng Holding Berhad - Melodies Limited	
6. Mr Lee Kin Hong (i) (Non-Executive Director) (ii) Shareholder (iii) Proxy for: - The Singapore-Johore Express Pte Ltd - Eng Keng Estate Management Pte Ltd	
In Attendance	
1. Ms Sin Chee Mei (Company Secretary)	
2. Mr Lee Chou Hock (i) (Chief Executive Officer) (ii) Shareholder (iii) Proxy for: - Hock Tart Pte Ltd	
3. Mrs Wong-Yeo Siew Eng Deloitte & Touche LLP	



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4. Ms Teow Seok Boey Deloitte & Touche LLP	53. Tay Bee Geok
5. Ms Koo Wei Jia BDO Corporate Services Pte. Ltd.	54. Teo Cheng Hai Ronnie
6. Mr Roy Chia BDO Corporate Services Pte. Ltd.	55. Tiu Ing
7. Ms Lexi Shim BDO Corporate Services Pte. Ltd.	56. Toh Kiok Kun
8. Mr Jason Lee BDO Corporate Services Pte. Ltd.	57. Wee Hian Kok
9. Ms Helen Tan B.A.C.S. Private Limited	58. Yap Hong Gek
10. Ms Evelyn Ang B.A.C.S. Private Limited	59. Yap Swee Kee
11. Ms Irene Siong ZICO BPO Pte. Ltd.	60. Yeow Meng Quee
	Proxies
	61. Goh Han Peng Proxy For Chua Ghim Hock (Cai Jinfu)
	62. Kong Yew Chye Proxy For Kam Ee Chen @Kam See Chen
	63. Long Boo Teck Proxy For Ng Geok Buay
	64. Sim Yan Kheng Proxy For Sim Kok Pheng (Shen Guoping)
	65. Soh Suwe Proxy For Low Lan Eng
	66. Tan Seng Ho Phillip Proxy For Chan Seoh Khim Angelia
	67. Teo King Hock CPF/SRS Proxy For DBS Nominees Pte Ltd
	68. Tan Han Siah CPF/SRS Proxy For United Overseas Bank Nominees (Private) Limited
	Observers
	1. Lim Jia Ren
	2. Henry Chan
	3. Teo Meow Hwang
	4. Foo Jong Boi
	5. Kam See Chen
	6. Chiam Heng Hsien
	7. Ho Yuet Sim

Chairman of the Board of Directors, Dr Lee Keng Thon, chaired the Annual General Meeting (“AGM” or the “Meeting”). Having noted that a quorum was present, he called the Meeting to order.

He then welcomed all shareholders and all those present. With the permission of the Meeting, the notice convening the Meeting was taken as read.

Chairman informed that in his capacity as Chairman of the Meeting, he had been appointed as proxy by a number of shareholders and that he would be voting in accordance with their instructions.

Chairman further informed that voting on all resolutions to be passed at the AGM would be by poll as demanded by him in accordance with the provisions of the Constitution of the Company. The Meeting also noted that under the Constitution, where a poll is demanded, it shall be taken in such manner as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The polls were carried out electronically. ZICO BPO Pte. Ltd. was appointed scrutineer of the Meeting. The electronic poll voting services was provided by Trusted Source Pte. Ltd. A short PowerPoint presentation explaining the electronic poll voting process was shown. A test resolution was conducted to familiarise the shareholders with the electronic poll voting system.



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Chairman proceeded with the business of the Meeting. The following were the resolutions passed at the AGM.

The summary of questions raised by shareholders and the replies provided by the Non-Executive Group Chairman - Dr Lee Keng Thon, CEO - Mr Lee Chou Hock, and external auditors are recorded in Appendix A.

Duly proposed and seconded, the following Ordinary Resolutions No. 1 to 7 were duly passed.

ORDINARY BUSINESS

ORDINARY RESOLUTION 1 - ADOPTION OF DIRECTORS' STATEMENT, AUDITED FINANCIAL STATEMENTS AND AUDITORS' REPORT

"It was resolved that the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together with the Auditors' Report thereon be and are hereby received and adopted."

ORDINARY RESOLUTION 2 – DECLARATION OF ONE-TIER TAX EXEMPT FIRST AND FINAL DIVIDEND

"It was resolved that the payment of the First and Final Dividend of 5 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2016 be and is hereby approved."

ORDINARY RESOLUTION 3 – APPROVAL OF DIRECTORS' FEES

"It was resolved that the payment of Directors' Fees of S\$200,000 for the financial year ended 31 December 2016 be and is hereby approved."

ORDINARY RESOLUTION 4 - RE-ELECTION OF MR LEE KHIN TIEN AS DIRECTOR

"It was resolved that Mr Lee Khin Tien, who retired pursuant to Article 117 of the Company's Constitution, being eligible and having offered himself for re-election, be and is hereby re-elected as Director of the Company."

ORDINARY RESOLUTION 5 - RE-ELECTION OF DR TAN KIM SONG AS DIRECTOR

"It was resolved that Dr Tan Kim Song, who retired pursuant to Article 117 of the Company's Constitution, being eligible and having offered himself for re-election, be and is hereby re-elected as Director of the Company."

ORDINARY RESOLUTION 6 - RE-APPOINTMENT OF DELOITTE & TOUCHE LLP AS AUDITORS

"It was resolved that Messrs Deloitte & Touche LLP be and is hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration."

SPECIAL BUSINESS

ORDINARY RESOLUTION 7 - AUTHORITY TO ISSUE SHARES

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

- (A) (i) allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise;



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- (ii) make or grant offers, agreements, or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
- (iii) allot and issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (b) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro rata basis, then the aggregate number of shares to be issued under such circumstances (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (b) below); and
- (b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities;
 - (ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

There being no further business, the Meeting ended at 10:50 a.m. Chairman thanked the support of all the shareholders of Hotel Royal Limited.



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Confirmed as a correct record of
the proceedings of the Meeting

(SIGNED)

.....
DR LEE KENG THON
Chairman

Note:

The results of the poll on all the resolutions put to the Annual General Meeting were announced to the Singapore Exchange Securities Trading Limited via SGX-Net on 29 April 2017. Please click on the link below for details of the results of the poll.

http://infopub.sgx.com/Apps?A=COW_CorpAnnouncement_Content&B=AnnouncementLast3Months&F=10TMEVEVJO4RK2C8&H=3fc316d41fd931c7bc78d06298ade5d87c0afdb9000d2ad5e62ba5d7c3194254



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Appendix A

Below is the summary of questions raised by shareholders and the replies provided by the Non-Executive Group Chairman - Dr Lee Keng Thon, CEO - Mr Lee Chou Hock, and external auditors.

What is the plan of the Company to lower the net gearing ratio hovering around 22% or is there any future plans for expansion?

Chairman: The Company will carefully examine the Group's debt-to-equity ratio for business growth that is within the financial constraints of the business. The present net gearing ratio is manageable and should allow us some head room for future acquisitions.

How often does the Company assess its asset revaluation reserve, the policy in assessing the asset reservation and does the Company assess the value of assets outside of Singapore?

CEO: All fixed assets are kept at historical cost less depreciation except for land. If the market value of the land appreciated, the Company will record it as a revaluation surplus. These fixed assets include all local and overseas properties owned by the Company. The value of the investment properties are recorded at historical cost less depreciation and the revaluation surpluses of these investment properties were not recognised. The Company performs its asset valuation on a desktop basis annually and a full valuation for each property once every three years.

Based on the profitability by geographical location reported on Page 28 of the annual report, what are the reason or problem faced by the Company on the operations in Malaysia which reported a loss? What is the plan for the Baba House?

Chairman & CEO: With regard to our business in Penang, the political and economic situation in Malaysia have changed after we bought our property. The hotel markets in Penang are also affected by the exit of foreign manufacturers from investing in Penang and the cut back in the government spending whereby the number of meeting planners for government agencies in hotels has reduced. The competition in the hospitality industry in Penang has been heating up, and the Group anticipates increasing challenges in the next two years.

The Company will commence the major refurbishment of Baba House after getting the requisite planning approvals from the Authority. We also intend to further expand Baba House after we have completed the acquisition of the vacant properties next to Baba House.

Our strategy is to expand our customer base and our share of tourist arrivals in each market, and we will do this by pricing our rooms competitively, while enhancing our hotel assets progressively.

With the properties' good location in Penang and Malacca, the properties' value should continue to appreciate. We hope the shareholders can bear with us as these are long term investments.

What is the performance and updates on the Singapore hotels?

Chairman: We are maintaining our room occupancy rate in Singapore but the revenue declines which is in line with the industry trend.



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What is the performance for New Zealand business?

Chairman: The Company intends to build a food court and child care centre for its commercial complex in New Zealand. With this capital outlay, the Management foresees that the return will be favourable and the value of the property should improve.

What is the dividend policy of the Company and will the Company consider declaring a special dividend?

Chairman: The Company has been practising a prudent approach in dividend payment and a stable dividend payout had been made over the years despite the volatile market conditions. The Board has recommended a first and final tax-exempt dividend of 5 cents per share, unchanged from the previous year's full year dividend of 5 cents. The Directors will take into consideration the Group's profit growth, cash position and projected capital requirements for business operation and expansion in recommending any dividend payment.

Will the Company consider paying scrip dividend?

Chairman: The Company has been paying a cash dividend to its shareholders in the past. The Company will pay scrip dividend if it is a beneficial strategy.

Given the Group presence in different countries with different accounting rules, how do you structure the financial reporting of the Group?

Auditors: The Group auditor is responsible for providing the audit opinion on the Group's financial statements. Deloitte & Touche LLP and its member firms have been appointed to audit the Company's accounts and its foreign-incorporated subsidiaries. While domestic financial reporting and auditing standards are used to meet domestic filing requirements, when reporting to Singapore for consolidation accounting purposes, the auditors of the subsidiaries report on the audits using international financial reporting standards and international standards on auditing which are similar to Singapore standards.

What are procedures implemented to prevent operational fraud?

Chairman and CEO: The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Group's assets. As part of the internal control and risk management, adequate processes and procedures have been implemented by the Group in addressing and mitigating the potential risks for operational frauds. The Company has appointed independent Internal Auditors which regularly reviews the Group's process of risk management and the effectiveness of the internal audit function and controls. The External Auditors of the Company will also review the internal control procedures as part of their audit.