



HOTEL PROPERTIES LIMITED (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 2019

The Board of Directors of Hotel Properties Limited (the “Company” and together with its subsidiaries, the “Group”) refers to the query raised by the SGX-ST on 14 May 2020 and responds as follows:-

SGX-ST’s Query

Q1. We note that the Company has two (2) independent directors, one Mr Arthur Tan Keng Hock and one Mr Leslie Mah Kim Loong, who have respectively served on the Board for more than nine years. Please provide details of the rigorous review conducted by the Board, explaining why Mr Arthur Tan and Mr Leslie Mah should be considered independent.

The Company’s response:

As disclosed in the Company’s Corporate Governance Report, the Board had reviewed the Directors’ independence recommended by the Nominating Committee (“NC”) following the assessment of the NC. The view of the NC was that a Director’s independence cannot be determined solely and arbitrarily on the basis on the length of service of a Director.

The assessments of independence of the long serving Directors namely Mr Arthur Tan Keng Hock (“Mr Tan”) and Mr Leslie Mah Kim Loong (“Mr Mah”) was based on a detailed confirmation of independence checklist (the “Checklist”) completed and signed by the aforesaid Directors. The Checklist was drawn up in accordance with the guidelines provided by the 2018 Code and the SGX-ST Listing Rules. The execution of the Checklist individually by Mr Tan and Mr Mah, declaring and affirming his own independence and confirming that there exist no conditions that would impair his independence is one of the methods for the Board to review the independence of the Directors, together with the NC.

The Board concurred with the NC’s view that the basis on the length of time served on the Board cannot be the sole measure to determine the independence of Mr Tan and Mr Mah. The Board together with the NC, had taken more critical measures to ascertain the independence of Mr Tan and Mr Mah by monitoring, measuring and reviewing their contribution in terms of their experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Company as they perform their duties in good faith. Through the rigorous reviews undertaken, the Board and the NC have recognised the independence of Mr Tan and Mr Mah notwithstanding they have served the Board for more than nine years.

Following the above-mentioned due and careful rigorous reviews conducted by the Board and the NC, the Board is of the view that both Mr Tan and Mr Mah are independent in the light of the 2018 Code and Rule 210(5)(d) of the SGX-ST Listing Rules.

SGX-ST’s Query

Q2. Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. We note that the internal audit function is currently outsourced to One e-Risk Services Pte Ltd. Please provide information on the relevant experience of accounting firm and the engagement team.



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The Company's response:

As disclosed in the Annual Report 2019, 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 a suitable professional service firm to meet the Company's internal audit obligations, 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 IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

Additional information on One e-Risk is set out below:

Name	Position	Years of Experience in internal audit industry	Education / Qualification
Chen Yeow Sin	partner in charge of the engagement team	Jan 1997 to Dec 1999 employed by Unocal Corporation, USA as the SE Asia IA Manager. From 2000 to current date, Partner responsible for the Firm's IA clients.	BSc in Computer Science (Westfield College, University of London) FCA: Institute of Chartered Accountants in England and Wales – Non Practising FCA (Singapore) – Practising Member
Tony Mok	Manager and field work internal audit	Approximately 20 years of IA work experience.	Graduate Diploma in Professional Accounting followed by Master of Business (Professional Accounting) (MAcc) (Victoria University, Melbourne); Graduate Diploma in Management Studies followed by Master of Business Administration (MBA) (University of Hull); Certified Internal Auditor; Certified Risk Management Assurance; Chartered IIA Practitioner.

By order of the Board

Lo Swee Oi
Company Secretary

18 May 2020