



## HOTEL PROPERTIES LIMITED

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### RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE REGULATION (“SGX REGCO”) ON HOTEL PROPERTIES LIMITED’S ANNUAL REPORT 2023

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The Board of Directors (the “**Board**”) of Hotel Properties Limited (“**HPL**” or the “**Company**”) refers to the following queries raised by Singapore Exchange Regulation (“**SGX RegCo**”) on 24 April 2024 in relation to its Annual Report for FY2023.

**SGX RegCo’s Query 1** : The Company disclosed in its annual report that Mr. Leslie Mah will be retiring at the upcoming Annual General Meeting (“**AGM**”) and Mr. Arthur Tan Keng Hock will be redesignated as Non-Independent Non-Executive Director of the Company. In view of the foregoing, the Company’s Board will comprise 7 members, of which 2 are independent directors, 2 are non-executive non-independent directors, 3 are executive directors at the conclusion of the AGM.

- a. Listing Rule 210(5)(c) states that independent directors must comprise at least one-third of an issuer’s board. Please confirm whether the Company is in compliance with this rule. Otherwise, disclose the steps taken by the Company and the timeline to bring the Company back into compliance with this rule.

**HPL’s Response:**

Listing Rule 210(5)(c) also states that in the event of any retirement or resignation which renders the issuer unable to meet the one-third independent directors’ requirement, the issuer should endeavour to fill the vacancy within two months, but in any case, not later than three months.

The Company will be appointing an additional independent director within the stipulated timeframe to comply with the one-third independent directors’ requirement.

- b. Provision 2.2 of the Code of Corporate Governance 2018 (“**Code**”) states that independent directors should make up majority of the Board where the Chairman is not independent. Please confirm whether the Company will be in compliance with this provision. Otherwise, please disclose how the Company’s practices are consistent with the respective principles of the Code or the steps that the Company has taken to comply with these provisions and the relevant timeline to complete its appointment of directors.

**HPL’s Response:**

The Company will announce the appointment of a new independent Chairman after the conclusion of the Annual General Meeting which will comply with Provision 2.2 of the Code.

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- c. Provision 4.2 of the Code states that the NC should comprise at least 3 directors, the majority of whom, including the NC Chairman, are independent. Provision 6.2 of the Code states that the RC should comprise at least 3 directors, all of whom are non-executive and the majority of whom, including the RC Chairman, are independent. Provision 10.2 of the Code states that the AC should comprise at least 3 directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. Please disclose the composition of the Board committees and confirm whether the Company will be in compliance with these provisions. Otherwise, please disclose how the Company's practices are consistent with the respective principles of the Code or the steps that the Company has taken to comply with these provisions and the relevant timeline to complete its appointment of directors.

### **HPL's Response:**

The Company will announce the change in composition of the Board Committees concurrently with the appointment of a new independent director which will comply with the above-mentioned provisions.

- d. We note that the Company has had ample time to prepare for the cessation or re-designation of its Independent Directors which have served for more than 9 years on the board. Please explain why the Company had not made arrangements prior to the FY2023 AGM to comply with the relevant rules and the Code.

### **HPL's Response**

Since the removal of the two-tier vote mechanism for listed companies to retain long-serving independent directors who have served for more than nine years by the SGX RegCo on January 11, 2023, the Company has taken active steps to appoint an additional independent director (Mr Nicholas James Loup) on the Board of HPL on May 8, 2023. This is to give the new director ample time to interact with the current Board members, to stabilise and familiarise with the affairs of the Company. We believe that pacing the appointment, cessation and/or re-designation of its independent directors is crucial and in the best interest of the Company.

**SGX RegCo's Query 2:** We note that the Company had not disclosed any details in respect of the remuneration of the key management personnel ("KMP"), including the aggregate remuneration paid to them. The Company set out on page 111 of the FY023 Annual Report that "the Company has decided not to disclose remuneration of its key management personnel, thereby minimising individual comparisons which may affect employee morale". Please clarify how would the disclosure of the aggregate remuneration paid to the top 5 KMP and the percentage breakdown of remuneration into fixed and variable components would result in individual comparisons given that the names of the top 5 KMP were not disclosed in the FY2023 Annual Report. To also explain how the Company's practices are consistent with the intent of Principle 8 of the Code that requires the Company to be transparent on its remuneration policies,

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level and mix of remuneration, and the relationships between remuneration, performance and value creation. Please disclose accordingly.

### **HPL's Response**

Aggregate remuneration of directors and key management was disclosed on page 61 of the Company's Annual Report. The Board wish to add that the key management personnel of the Group work closely as a team. The disclosure of the aggregate remuneration paid to the Top 5 KMP will result in unnecessary speculations which will affect the morale and team spirit.

**SGX RegCo's Query 3.** The Company disclosed in its annual report that Mr. David Fu Kuo Chen is due for re-election at the upcoming AGM. It also disclosed at page 131 of the Company's annual report that Mr. David is concurrently holding directorships in 38 other companies. Please disclose:

- a. The roles and responsibilities of Mr. David in each of these 38 companies.
- b. The time and commitment required of Mr. David in these 38 companies where he holds directorships.
- c. The time and commitment required of Mr. David in the Company and the Nominating Committee's detailed justifications on how Mr. David is able to carry out his responsibilities as Non-Executive Director in the Company effectively in spite of his significant number of concurrent directorships.

### **HPL's response:**

Apart from the two listed entities, the other 37 entities are passive investment holding companies which do not require Mr David Fu to attend board meetings nor spend much time in connection with positions held at these companies. He is a competent individual with diversified background, relevant experience, knowledge and business sense and therefore his multiple directorships do not affect his time and ability to serve on the HPL Board.

Mr David Fu has maintained a perfect attendance record at Board and Board Committee meetings of the Company and actively participates and makes major contributions at those meetings.

By Order of the Board  
**HOTEL PROPERTIES LIMITED**

Joanna Lim  
Company Secretary  
26 April 2024

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