



**Securities Investors Association (Singapore)**

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)

UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Hotel Grand Central Limited

**Security:** Hotel Grand Central Limited

**Meeting details:**

Date: 30 April 2019

Time: 11.30 a.m.

Venue: 28 Cavenagh Road, Singapore 229635, Hotel Chancellor @ Orchard, Function Room Level 2

**Company Description**

Hotel Grand Central Limited owns, operates and manages hotels. The Company operates through five segments: Singapore, Malaysia, Australia, New Zealand and China. It has interests in over 10 hotels across Malaysia. Throughout Malaysia, over six Hotel Grand Continental and Hotel Grand Crystal properties offer a range of options for travelers. It operates under the brand of Grand Hotels International across Australia. Its Australian properties are located in the cities of Brisbane, Melbourne, Adelaide, Hobart and Launceston. In Australia and New Zealand, over 10 of its hotels are marketed under the Hotel Grand Chancellor brand. Its hotels in New Zealand are located in the Central Business Districts of Wellington and Auckland. Its hotels have conference and event facilities, with over five venues catering for approximately 400 delegates. In China, its Hotel Grand Chancellor Sihui, situated in Jade City, provides corporate guests with conference and restaurant facilities.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=H18](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=H18))

**Q1.** Would the board/management provide shareholders with better clarity on the following matters? Specifically:

- (i) Singapore:** Although segment revenue from Singapore increased from \$32.9 million to \$34.8 million in FY2018, segment results fell from \$7.87 million to \$5.58 million. **Can management help shareholders understand the reasons for the drop? What is the RevPAR at the two Singapore hotels?**
- (ii) New Zealand:** **What are the sentiments on the ground in New Zealand following the tragic events in March? How are operations affected and how is the group providing support to the community and to its affected staff?**
- (iii) Optimal capital structure:** **Has the board evaluated the optimal capital structure that can best support the group's growth plans and current asset base? What is the board's view on leverage?**

**Q2.** With the group's increasing net investments overseas, the group is exposed to significant currency fluctuation risks. The group's foreign currency translation loss increased from \$(13.71) million a year ago to \$(34.15) million as at the end of the reporting period.

In FY2018, a foreign exchange loss of \$5.9 million was recognised compared to a gain of \$1.4 million last year. The company has stated that this foreign exchange loss arose principally due to the translating of Australia and New Zealand dollar fixed deposits held by the company.

- (i) For the group's net investments in foreign assets, namely in Australia and New Zealand, what is the level of natural hedging achieved?**
- (ii) Can the board elaborate further on the group's currency risk framework?**
- (iii) Would the board help shareholders understand the rationale of holding on the AUD and NZD fixed deposits? Would that negate the hedging effects of the natural hedge?**
- (iv) As the group scales up its investments overseas, would the board/audit committee consider it timely to review its foreign currency risks?** By not actively hedging its currency exposure, the board has in fact taken a view on the currency trends too.

**Q3.** At the company's annual general meeting scheduled to be held on 30 April 2019, Mr. Fang Swee Peng is retiring by rotation pursuant to Regulation 101 of the Company's Constitution and is seeking his re-election.

Mr Fang Swee Peng was appointed to the board on 8 April 2000. Accordingly, Mr Fang has served on the board for more than 19 years.

In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“2018 CG Code”). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

- (i) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (ii) Can the nominating committee (NC) elaborate further on the succession plans for the board and other key management positions?**
- (iii) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (iv) What is the appropriate balance and diversity of skills, experience, gender and knowledge of the company to be achieved on the board?**
- (v) With the appointments of Mr Lim Thian Loong and Mr Hui Chiu Fung, what are the company’s other near term plans to refresh the membership of the board to comply with the new 2018 Code in good time? Reconstituting the board early to comply with the new 2018 Code would avoid undue disruption and help to maintain institutional knowledge and continuity in the board.**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Hotel%20Grand%20Central%20Ltd&cid=6703,4645>

The company’s response could be found here: -----