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**Issuer:** Hotel Properties Limited

**Security:** Hotel Properties Limited

**Meeting details:**

Date: 29 April 2019

Time: 4.00 p.m.

Venue: Crescent Ballroom, Level 2 Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646

**Company Description**

Hotel Properties Limited is a Singapore-based hotelier and investment holding company. The principal business activities of the Company are those of hotel ownership, management and operation, property development and investment holding. The Company's segments are Hotels, Properties and Others. The Hotels segment primarily includes the operations of the hotels and the shopping galleries of the Company, as well as the provision of hotel management services. The Company also engages in the rental of rooms and shop units, and sale of food and beverage. The Properties segment includes the rental and sale operations on residential properties and commercial units. The Others segment includes the distribution and retail operations, activities on quoted and unquoted investments, and others. The Company's properties include Four Seasons Resort Maldives, Four Seasons Resort Bali, The Nam Hai and the Paddington project.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=H15](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=H15))

**Q1.** On 28 December 2018, the company announced that Nassim Developments Pte. Ltd. ("Nassim"), an indirect wholly-owned subsidiary of Wheelock Properties (Singapore) Limited ("Wheelock") has withdrawn its shareholdings in 68 Holdings Pte. Ltd. and its shareholdings in Hotel Properties Limited ("HPL") are now held directly by Nassim as long-term investment.

As a result, Mr Stephen Tin Hoi Ng who was previously nominated by Wheelock has tendered his resignation as a director of HPL with effect from 28 December 2018.

Mr Ong Beng Seng now holds a total of 57.59% (direct and deemed) interests in the company while Nassim/Wheelock holds 22.53%.

- (i) Would the board help shareholders understand how the changes in the shareholding structure has affected the group?**
- (ii) Have there been further refinement to the long term strategic plans of the group?**
- (iii) Can the board/management elaborate in greater detail its capital allocation framework? Other than the organic growth from the hotel operations, where would the group be investing in the next 2-3 years?**
- (iv) Given the group's exposure to the UK market, and coupled with the uncertainties relating to Brexit, can the board provide shareholders with an update of the ground sentiments in the UK? Has the board evaluated the worst-case scenario related to Brexit?**
- (v) In particular, how many units at Burlington Gate (42-luxury apartment) and Holland Park Villas (68 apartments and 4 penthouses) remain?**

**Q2.** Following the resignation of Mr. Michael S. Dobbs-Higginson on 1 March 2019, the audit committee ("AC") currently comprises two independent directors namely, Mr. Leslie Mah Kim Loong (as chair) and Mr. Arthur Tan Keng Hock.

- (i) Does the nominating committee have a formal succession plan for directors, in particular, the chairman and managing director and review the plans on a regular/annual basis?**

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.

Mr. Arthur Tan Keng Hock and Mr. Leslie Mah Kim Loong were first appointed on 5 July 1996 and 5 August 1997 respectively.

Accordingly, Mr Tan and Mr Mah have each served on the board for over 22 years and for over 21 years respectively.

- (i) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (ii) What is the search and nomination process for directors, especially independent directors? How are candidates for directors identified?**
- (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 are the company's plans to appoint a member to the AC and to refresh the membership of the board?** The board need to appoint a third member of the audit committee to comply with the Corporate Governance code.

**Q3.** On 11 December 2018, the company published its inaugural sustainability report which covers the group's material environment, social and governance ("ESG") aspects that are integral to its business.

As disclosed in the sustainability report, the group has prepared the report in accordance with the Global Reporting Initiative ("GRI") Standards: Reference Claims.

According to GRI, a GRI-referenced claim is when the reporting organisation uses selected GRI Standards, or parts of their content, to report specific information, but has not met the criteria to prepare a report in accordance with the GRI Standards (either Core or Comprehensive).

- (i) Would the board/management help shareholders understand how the issues identified in the materiality review has helped the group to further finetuned its operations/strategies?**
- (ii) What tone has the board set for the group in terms of sustainability?**
- (iii) When would the company be ready to provide a full picture of its material topics and related impacts, under the GRI: Core/Comprehensive standards?**

In particular, GRI 205: Anti-corruption 2016 sets out the reporting requirements on the topic of anti-corruption. It stated the following:

*GRI 205 addresses the topic of anti-corruption. In this Standard, corruption is understood to include practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. It can also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.*

*Corruption is broadly linked to negative impacts, such as poverty in transition economies, damage to the environment, abuse of human rights, abuse of democracy, misallocation of investments, and undermining the rule of law. Organizations are expected by the marketplace, international norms, and stakeholders to demonstrate their adherence to integrity, governance, and responsible business practices. These concepts are covered in key instruments of the Organisation for Economic Co-operation and Development and the United Nations: see the References section of this Standard. The disclosures in this Standard can provide information about an organization's impacts related to corruption, and how it manages them.*

- (iv) What is the board/group's risk assessment procedures for corruption?**
- (v) What is the extent to which communication and training on anti-corruption is tailored to those governance body members, employees, business partners, and other persons that have been identified as having a high risk of incidents of corruption?**
- (vi) What level of training on anti-corruption is provided for persons identified as having high risks of incidents of corruption?**

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%20Properties%20Ltd&cid=6392,4610>

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