



**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:** Roxy-Pacific Holdings Limited

**Security:** Roxy-Pacific Holdings Limited

**Meeting details:**

Date: 23 April 2019

Time: 10.00 a.m.

Venue: Frankel Room, 3rd Floor, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769

**Company Description**

Roxy-Pacific Holdings Limited, an investment holding company, operates in the property and hospitality businesses in the Asia-Pacific. It operates through Property Development, Property Investment, and Hotel Ownership segments. The company primarily owns and operates the Grand Mercure Roxy Hotel with 576 guest rooms and suites located in Singapore. It develops residential and commercial units, including apartments and condominiums under the Roxy-Pacific brand. It also owns a boutique hotel under the Noku Roxy brand with 81 rooms located in Kyoto and with 154 rooms in Osaka City, Japan, as well as with 50 rooms in the Island of Kudafunafaru, Noonu Atoll, Maldives. In addition, the company owns a Roxy Square Shopping Centre with 52 retail shops. Roxy-Pacific Holdings Limited was founded in 1967 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=E8Z](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=E8Z))

1. Would the board/management provide shareholders with better clarity on the group's strategies and operations? Specifically:

- (i) **Singapore projects:** The group launched RV Altitude and Fyve Derbyshire in January 2019 and sales at these two freehold prime sites were reported to below management's expectations.

**With four more projects in the pipeline totaling approximately 400 units, what adjustments has management made to the projects? What are the levers available to management to improve sales other than reducing prices?**

**Given the current climate, what is the expected/projected developer's margin?**

- (ii) **Hotel:** As seen in Note 24 (page 164 – Operating segments), the segment reported (losses) of \$(10.1) million in FY2017 and \$(4.6) million in FY2018. In FY2016, the loss was \$(2.7) million. This also coincided with the launch of the first self-managed hotel (Noku Kyoto).

**Would management disclose the key operating metric of each asset to help shareholders understand the performance of the assets better? Are the self managed Noku-branded hotels achieving break-even or better?**

- (iii) **Property investment:** What is the total investment amount for the new 23-storey 319-room Park Hotel Melbourne?

- (iv) **Business model:** The theme for the 2018 annual report is "Driving GROWTH and VALUE". **Would the board articulate its business model to identify the key growth drivers and how that drives value creation for its stakeholders?**

- (v) **Sustainability:** The company has also included its second Sustainability Report on pages 24 to 50 of the annual report. **Can the board help shareholders understand how it links and integrates sustainability with the group's strategy?**

2. As seen in Note 34 (page 187 – Capital management), the group has total borrowings of \$1.04 billion and net borrowings of \$751 million. With an adjusted net assets value of \$981.5 million, the net debt to adjusted net assets value was 0.77x as at 31 December 2018.

Based on the 10-year history (page 1 – Financial highlights), this is the highest gearing that the group has employed in the past 10 years.

- (i) **Has the board set an internal limit to the gearing?**

In Note 21 (page 157 – Borrowings), the company disclosed that the group’s non-current borrowings have an average effective fixed interest rate of 3.38%, up from 2.6% for FY2017.

- (ii) Can the board help shareholders understand the interest rate risks faced by the group? How much of its borrowings are on floating rates?**
- (iii) Has the company evaluated how it could reduce its financing costs and also explore new sources of funding?**
- (iv) With approximately 41% of the group’s debt maturing within 12 months, has management started looking at how it could refinance the maturing loans, perhaps with better terms?**

3. 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.

As at the date of the annual report, the board of directors comprises six members; of whom three are independent namely Mr Tay Kah Poh, Mr Tong Din Eu and Mr Winston Tan Tien Hin.

Mr Tay Kah Poh and Mr Winston Tan Tien Hin were first appointed on 17 December 2007 and 14 December 2006, respectively. Accordingly, Mr Tay and Mr Tan have each served on the board for more than 11 years and more than 12 years respectively. Mr Tay Kah Poh was appointed as the lead independent director on 1 June 2018.

Mr Tay is retiring under Article 103 of the constitution of the company and is seeking his re-election at the company’s annual general meeting.

- (i) 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 with any future director appointments?**
- (ii) With two long tenured independent directors on the board, has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (iii) Following the appointment of Mr. Tong Din Eu in October 2017, 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?**



**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

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Roxy-Pacific%20Holdings%20Ltd&cid=6440,4247>

The company's response could be found here:

2016: [https://sias.org.sg/media/qareport/1492567098\\_Roxy-Pacific-SIAS-AR-Q-A---April-11--2017.pdf](https://sias.org.sg/media/qareport/1492567098_Roxy-Pacific-SIAS-AR-Q-A---April-11--2017.pdf)