Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Hotel Grand Central Limited

Stock code: H18

Meeting details:
Date: 30 April 2021
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement, revenue recognised by the group for the financial year ended 31 December 2020 decreased 39.8% to $93.1 million. This was mainly due to the decreased performance of the group's hotels resulting from the significant drop in business and leisure travelling. The group has a diversified portfolio of investment properties which generated stable rental revenue, helping to soften the negative impact from the hotel business segment.

For FY2020, the group's profit net of tax increased to $37.3 million (2019: $26.5 million) despite lower revenue mainly due to net fair value gain on investment properties ($14.3 million), gain on disposal of PWC Centre ($8.1 million) and foreign exchange gain ($7.1 million). The directors have proposed a first and final ordinary dividend of 2.0 cents per ordinary share for the year ended 31 December 2020.

The chairman has expressed his view that 2021 will remain another difficult year.

(i) **How is management ensuring that the group's hotels are complying with the safe management measures required by the local governments?**

(ii) **Can management help shareholders understand if the Singapore hotels participated in the government's efforts to stop the pandemic as quarantine hotels?**

(iii) **How did the group determine/balance the factors of occupancy rates and chargeable rates for its quarantine hotels?**

(iv) **Are the group's hotels able to generate sufficient cash flow to remain cash flow neutral/positive?**

(v) **Would management elaborate further on the new-build, 191-room hotel in Auckland? What factors contributed to management's confidence in the Auckland hospitality market?**

(vi) **Does the group see any silver lining during this challenging time?**

Q2. During the financial year ended 31 December 2020, the group disposed of its investment property, PWC Centre in Christchurch, New Zealand for a total consideration of S$57.3 million (NZ$60 million). The asset was purchased by the group in 2017 for NZ$49.00 million.

The property is a 6 level commercial office building with lettable area of 7,872 square metres with 103 carpark spaces. It is situated on freehold land with a total land area of 3,750 square metres.

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(i) **Can the board elaborate further on the reasons for the disposal of PWC Centre? What criteria does management use to determine if the assets are suitable for disposal?**

(ii) **Can management provide greater clarity on the group's strategy to build up a diversified portfolio of prime, income-producing real estate? Has the pandemic led to adjustments to the group's strategy, including capital allocation and the pace of growth?**

(iii) **On the other hand, did management evaluate opportunities to acquire assets at distressed prices during the pandemic?**

Q3. As noted in the corporate governance report, the group has an internal audit function which provides an independent perspective to management on the controls to mitigate major operational risks. The Group Internal Auditor reports directly to the audit committee (AC) and administratively to the executive management.

The AC has reviewed and commented that the group's internal audit function is independent, effective and adequately resourced.

(i) **Apart from the review of interested party transactions, what was the scope of the internal audit in 2020?**

(ii) **Can the AC confirm that all the major operating subsidiaries, including the foreign subsidiaries, were audited by the internal audit?**

(iii) **What are some of the key findings and recommendations by the internal auditor?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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