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Issuer: Stamford Land Corporation Ltd

Stock code: H07

Meeting details:

Date: 30 Jul 2024

Time: 2.30 p.m.

Venue: Singapore Chinese Cultural Centre, Multi-purpose Hall (Level 7), 1 Straits Boulevard, Singapore 018906

Q1. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Hotel operations: With 1,536 keys, are the hotel operations achieving economies of scale in areas such as branding and marketing? Can management provide detailed insights into the long-term strategic plans for the group’s hotel businesses, especially in light of the previous decision to put them on the market three years ago?**
- (ii) **Stamford Plaza Brisbane (SPB):** Management has set aside \$1.5 million and has commenced development and restoration works on the heritage building in Stamford Plaza Brisbane. Approximately \$35.3 million from the rights issue has been earmarked for the potential development or redevelopment of properties which included Stamford Plaza Brisbane. **Can management elaborate further on the strategic plans for SPB?**
- (iii) **Asset enhancements:** A total of \$3.1 million has been spent on asset enhancement of Stamford Grand Adelaide, Stamford Plaza Adelaide and Stamford Plaza Melbourne. **How does the board evaluate the returns on asset enhancement initiatives? What specific metrics and hurdle rates are used in the board approval process to ensure these enhancements deliver value to shareholders?**
- (iv) **Finsbury:** The property was acquired at \$446.4 million in FY2020 and had carrying value of \$380.2 million (FY2023) and \$310.9 million (FY2024). The fair value losses were \$(75.8) million in FY2023 and \$(82.2) million in FY2024. Despite the drop in valuation, rental and service income from investment properties was stable at \$24.1-24.3 million. The freehold commercial building has long dated leases and a weighted average unexpired lease term of ~8.6 years. **Can management clarify whether the leases include provisions for rent reviews and if these reviews are structured to be 'upward-only'? With the capitalisation rate currently at 5.75%, could the board revisit and explain the factors that justified acquiring 8 Finsbury Circus based on a capitalisation rate of around 4%?**

15. Investment properties

Group	Freehold land and buildings \$'000	Leasehold property \$'000	Total \$'000
At 1 April 2022	492,506	17,112	509,618
Fair value (loss)/gain	(75,763)	310	(75,453)
Exchange differences	(36,555)	–	(36,555)
At 31 March 2023 and 1 April 2023	380,188	17,422	397,610
Fair value (loss)/gain	(82,167)	682	(81,485)
Exchange differences	12,916	–	12,916
At 31 March 2024	310,937	18,104	329,041

(Source: company annual report)

Q2. In Note 21 (Trade and other receivables; page 145), it can be seen that the group recognised expected credit losses for trade receivables of \$4.5 million.

Expected credit loss

The movement in allowance for expected credit losses for trade receivables are as follows:

	Group	
	2024 \$'000	2023 \$'000
At 1 April	–	–
Allowance for expected credit losses	4,548	–
At 31 March	4,548	–

(Source: company annual report)

- (i) **Can the board elaborate further on the nature of the trade receivables and the underlying reasons for recognising a substantial allowance for expected credit loss?**
- (ii) **What is the profile of the customer(s)?**
- (iii) **Considering the group's credit risk framework restricts trading to recognised and creditworthy third parties, what specific circumstances led to the recognition of a substantial credit loss allowance? Did unexpected external factors contribute to this situation or are there gaps in the credit risk framework?**
- (iv) **From the statements of changes in equity (page 106), it can be seen that foreign currency translation reserve is now at \$(93.0) million. How does the board assess the group's foreign currency risks given the substantial assets denominated in foreign currencies and the lack of matched borrowings? What strategies are being considered to mitigate these risks and ensure effective management of foreign currency exposure?**

Q3. As disclosed in the corporate governance report, the company’s internal audit function was performed by an independent accounting firm, CLA Global TS Risk Advisory Pte Ltd (“CLA”) (for the first three quarters of FY2024) and in-house (for the remainder of FY2024).

- (i) **Can the audit and risk management committee (ARMC) help shareholders better understand the reasons for appointing an in-house internal audit team in place of CLA?**
- (ii) **Can the ARMC provide details on the composition of the in-house internal audit team, including the size of the team and the specific experience, qualifications, and certifications of its members?**
- (iii) **Can the ARMC confirm that the in-house internal auditor complies with the standards set by nationally or internationally recognised professional bodies, such as the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors?**
- (iv) **Can the ARMC provide a detailed overview of the scope of the internal audit for FY2024, along with the key findings and specific recommendations made by the internal auditor?**
- (v) **Can the ARMC confirm that all the foreign entities in Australia, New Zealand and British Virgin Islands were included in the internal audit? How was the internal audit carried out for these foreign subsidiaries?**
- (vi) **What is the level of oversight by the AC on the actions taken by management to follow up on the recommendations?**

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

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