



**HOTEL
GRAND CENTRAL LIMITED**

大中酒店有限公司

(Company Registration No. 196800243H)
(Incorporated in the Republic of Singapore)

**FURTHER DISCLOSURE TO CORPORATE GOVERNANCE REPORT
- ANNUAL REPORT FY 2014**

In reply to email query from the Singapore Exchange dated 28 April 2015, the Company furnishes the responses below.

- *Guideline 2.4 of the Code of Corporate Governance ("Code") states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.*
- In Page 9 of the Annual Report 2014, the Company stated under "Continuous Review of Directors' Independence" that:

"It also rigorously reviews the independence of any director who has served on the Board beyond nine years, from the date of first appointment in light of Guideline 2.4 of CCG 2012. The NC recognises the contribution of its independent directors who over time have developed deep insight into the Group's businesses and operations. It also takes into consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. For now, the NC believes that the Company's qualitative assessment and the existing practice, which requires each director to confirm annually to the NC, his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments, are effective. As such, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of the directors as necessary."

The Nominating Committee ("NC") had concurred that both Mr. Fang Swee Peng and Mr. Chng Beng Siong who have served on the Company's Board for more than nine years from the date of their first appointment, continued to provide impartial and autonomous judgment in the discharge of their responsibilities as directors of the Company. They have continued to express their individual viewpoints and objectively debated issues presented by management. The NC is satisfied that both Mr. Fang Swee Peng and Mr. Chng Beng Siong had remained independent in their judgment and continued to discharge their duties objectively.

The Board is satisfied that all directors have discharged their duties adequately for FY2014. The Board also expects that the directors will continue to discharge their duties adequately in FY2015.

- *Guideline 9.3 of the Code states that the company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.*
 - The Company has given full disclosure of the name and the remuneration of the Directors with a breakdown (in percentage or dollar terms) earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. However, the Company believes that the disclosure of the remuneration of each individual top five key management personnel, on a named basis and total in aggregate would not be in the interest of the Group's business, given the highly competitive nature of the core hotel business of the Group and the commercial sensitivity and confidentiality of remuneration. Furthermore, the Board also responds to questions, if any, from the shareholders on remuneration matters in the annual general meeting.
- *Guideline 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. As recommended in paragraph 11.3 of the Code and pursuant to Rule 710 of the Listing Manual, please make disclosures on the Board's comments on the adequacy and effectiveness of the Company's risk management systems or otherwise explain the reason(s) for the deviation from the Code recommendation.*
 - The statement in Page 13 of the Annual Report is amended to "Based on the internal controls established and maintained by the Company, work performed by the external auditors, the carrying out of the internal audit function and reviews performed by management, various Board committees and the Board, the AC and the Board are of the opinion that the Company's risk management systems and internal controls, addressing financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2014."

The Board has also received assurance from the Managing Director and the Executive Directors on the Group's financial records and the effectiveness of the Group's internal controls, and risk management based on regular review of the Dashboard of risks identified for the Group.

By Order of the Board

Eliza Lim Bee Lian
Company Secretary
29 April 2015