

Issuer: SingHaiyi Group Ltd.

Security: SingHaiyi Group Ltd.

Meeting details:

Date: 27 July 2017

Time: 1.30 p.m.

Venue: Level 5, Vanda Ballroom Marina Mandarin Singapore, 6 Raffles Boulevard Marina Square, Singapore 039594

Company Description

SingHaiyi Group Ltd., an investment holding company, invests, develops, and manages real estate properties in Singapore, Malaysia, and the United States. The company operates through Property Development, Property Investment, and Others segments. The company invests in residential, office, commercial, and retail properties. The company formerly known as SingXpress Land Ltd. and changed its name to SingHaiyi Group Ltd. in March 2013. The company was incorporated in 1988 and is based in Singapore, Singapore. SingHaiyi Group Ltd. is a subsidiary of Haiyi Holdings Pte Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5H0)

Q1. As disclosed in the section of “Business strategy”, the group’s foray into Singapore’s commercial property development space with the acquisition of 9 Penang Road (formerly known as Park Mall) is a major transformational milestone. In addition, the group will be the professional project and development manager for the ongoing redevelopment project with a 35% stake in 9 Penang Road.

- a) **Can management help shareholders understand the experience of its management/project team for the redevelopment project?**
- b) **Given that it is the first project, what are the safeguards to ensure that the project and development team executes smoothly and complete the redevelopment on time and on budget?**

Q2. In the Operational & Financial review (page 21), it was disclosed that the group had received a loan from a related company of \$37.7 million. The related company is American Pacific International Capital, an entity controlled by the controlling shareholders of the company.

- a) **Can shareholders understand what was the use of the proceeds from the loan of \$37.7 million (loan is denominated in USD)?**

As seen in Note 17 (page 113 – Loan from a related company), the effective interest rate of 6.15% per annum is due 14 calendar months from the first draw down on 11 November 2016.

In the Corporate governance report (page 54 – Interested person transactions), it was disclosed that the interest payable to American Pacific International Capital Inc. was S\$2,946,000.

- b) **Can management elaborate further on how the interest payable of S\$2,946,000 was arrived at?**
- c) **Is the loan from the related company on arms' length and normal commercial terms?**
- d) **Has the audit committee reviewed the IPT to ensure that the loan is not prejudicial to the interests of the issuer and its minority shareholders?**

In addition, APIC has provided consultancy services to the company’s subsidiaries and was paid S\$659,000 for the services. Please disclose the type of consultancy services. Can the audit committee also confirm that the consultancy services provided by APIC is on arms’ length and normal commercial terms?

Q3. Mr. David Hwang Soo Chin is an Independent non-executive director, chairman of the remuneration committee of the Group and a member of the audit and nominating committee. He was appointed to the board on 29 July 2013.

In the Corporate governance report (page 54 – Interested person transactions), it was disclosed that Mr. David Hwang Soo Chin provided consultancy services to the company and received \$120,000 for his services during the financial year.

- a) **Can the company disclose what Mr. David Hwang received as his director fees?**

Guideline 2.4 of the 2012 Code of Corporate Governance issued by the Monetary Authority of Singapore states that:

An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.... The Board should state its reasons if it determines

that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including the following:

(c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service

- b) To comply with the Code, can the board provide its reasons why it had determined Mr. Hwang to be independent notwithstanding the provision of the consultancy services to the company?**