Issuer: Heeton Holdings Limited

Security: Heeton Holdings Limited

Meeting details:
Date: 24 April 2018
Time: 10.00 a.m.
Venue: 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088,

Company Description

Heeton Holdings Limited, an investment holding company, engages in the property development, investment, and management activities in Singapore and the United Kingdom. The company develops and sells private residential properties; and leases residential, retail, and commercial properties. It also operates hotels; and provides administrative and management services. The company was founded in 1976 and is based in Singapore.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5DP)

1. As noted in the Chairman's Statement, the group's financial performance for the financial year ended 2017 was stellar, registering a record net profit after tax of $71.63 million mainly from the disposal of the Lumos residential development as well as the $37.08 million fair value gain in FY2017 from its investment properties, which include Tampines Mart, The Woodgrove and Adam House in London.

Can management/the board further clarify on the group's strategy? Specifically:

(i)   **Pipeline of new projects (Singapore):** As mentioned in the CEO's Message, the group has partnered with established industry players to participate in three local projects, namely Serangoon Ville (5% interest), Woodleigh Lane (20%) and Geylang Lorong 24 (10%). **Given the financial position and the track record of the group, can management explain why it has not taken a larger stake or a leading position in the recent projects? Does the group still have the appetite to carry out a development on its own or as the leading developer?**

(ii)   **Completed development properties:** The group recognised $39.3 million worth of completed development properties in FY2017, primarily from Onze@Tanjong. **Given the improved confidence in local real estate market, what are management's plans to sell the balance units in Onze@Tanjong?**

(iii)   **Luma Concept Hotel: Can management elaborate further on the positioning of the Luma Concept Hotel and how it aspires to stand out from the crowded hospitality space?**

2. In July 2017, the group announced the disposal of the remaining units of Lumos through the disposed of its 50% interest in a joint venture company, Buildhome Pte. Ltd. to Central Core Pte. Ltd. ("Central Core").

As announced, Toh Giap Eng, the Deputy Chairman and Executive Director and a controlling shareholder of the Company, has a 12.5% shareholding interest in Central Core.

In the announcement dated 19 July 2017, the agreed value for the balance of the 36 residential units in The Lumos was $185.6 million.

(i)   **Did the audit committee (AC) carry out a valuation for the balance of the 36 residential units held by the joint venture?**

(ii)   **Was any discount given to Central Core? If so, can the board/AC justify what level of due diligence and market study it had carried out prior to the disposal and what was the justification for the discount?**

(iii)   **As the transaction was considered an interested person transaction, was it necessary to get the approval of non-interested shareholders?**

(iv)   **Has the $11.6 million been received by the group from the shareholders of Central Core?**

3. As shown in the Report on Corporate Governance, the board comprises 7 members, of which 3 have been deemed independent. The chairman, Mr Toh Khai Cheng, is a non-executive director.

Guideline 2.2 of the 2012 Code of Corporate Governance recommends that independent directors should make up at least half of the Board where the chairman is not an independent director.

(i) **Would the nominating committee (NC) help shareholders understand if it had deliberated on Guideline 2.2 of the Code?**

(ii) **Would the NC and the board explain its deviation from the Code with regard to Guideline 2.2?**

(iii) **Can the NC consider reconstituting the board so that independent directors make up at least half of the board since the chairman is not an independent director?**