

**Issuer:** Sinjia Land Limited  
**Security:** Sinjia Land Limited

**Meeting details:**

Date: 27 April 2018

Time: 3.00 p.m.

Venue: TKP Conference Center Cecil Street, 137 Cecil Street, Level 4, Shibuya Room, Singapore 069537

**Company Description**

Sinjia Land Limited, an investment holding company, manufactures and sells customized elastomeric and polymeric components. The company operates through Office Automation, Lifestyle Products, and Hospitality Management segments. The Office Automation segment manufactures and distributes polymeric components; and provides polymeric die-cutting services and precision turned parts for office automation end products, such as printers, copiers, electronic devices, computers, note books, and peripheral accessories. The Lifestyle Products segment manufactures and distributes compound rubber and precision molded rubber parts and components for consumer and lifestyle products, including household electrical appliances, consumer electronic devices, vibration control components, and peripheral accessories. The Hospitality Management segment operates and manages lodging and boarding houses, and backpackers hostels. The company also engages in property development and investment. It has operations in Singapore, Indonesia, Malaysia, and the People's Republic of China. The company was formerly known as HLN Technologies Limited and changed its name to Sinjia Land Limited in April 2013. Sinjia Land Limited was founded in 1979 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5HH](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5HH))



**Q1.** With the disposal of HLN Rubber Products Pte. Ltd. and its subsidiaries on 15 December 2017, the group's revenue dropped to \$474,000 based on the contributions from G4 Stations Pte. Ltd. ("G4").

In Note 36 (page 103 – Segment information), the group still states the following controlling business units of Office Automation ("OA"), Lifestyle Products ("LP"), Hospitality Management ("HM") and Corporate ("IH").

- a) **Would the board clarify on the strategy and the management organisation of the group? For example, the OA segment has not generated revenue and if the board has deemed it non-core, has the group streamlined its organisation to allow it to execute better on its strategy?**
- b) The company has also stated that "it does not plan to restrict its Property Business to any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits". **Given the current financial position of the company, the experience of its board and management in property development, the market trends and the management depth, should the company shortlist and focus its efforts on a selected few key markets?** This would allow the company to be more efficient in identifying suitable projects that suit the group's risk profile.

With respect to the G4, operating result before interests and income taxes and other items (ORBIT) for G4 dropped to \$(207,000) for the financial year while revenue has stagnated at \$474,000. In the announcement dated 28 December 2015 announcing the proposed acquisition of G4, the group has stated that it will leverage G4 to grow the hospitality business. Goodwill arising from the acquisition of G4 was \$758,000 and it has been written off in the financial year.

The following is the historical financial summary of G4 prior to the acquisition.

#### Summary of Audited Income Statement

A summary of the Target's audited income statement for the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015 are set out below:

	Financial year ended 31 March 2013 (S\$)	Financial year ended 31 March 2014 (S\$)	Financial year ended 31 March 2015 (S\$)
Revenue	373,477	524,124	466,508
Costs of Sales	(48,699)	(54,433)	(59,023)
Gross Profit	324,778	469,691	407,485
Other Operating Income	65,324	64,954	72,896
Administrative Expenses	(600,562)	(639,000)	(592,819)
(Loss)/Profit before tax	(210,460)	(104,355)	(112,438)
(Loss)/Profit after tax	(210,460)	(104,355)	(112,438)

(Source: Company announcement dated 28 December 2015)

- c) **Can the group update shareholders on the progress made by G4 in expanding its scale and on improving its operations?**

- d) **What was the board's, and the audit committee's, role in the commercial due diligence by the company in the acquisition of G4? What were the projections and targets to justify the amount of goodwill paid for a business that was in a net liability position and reported losses for 3 years prior to the group's acquisition?**
- e) **Has the board evaluated if the group has the right talent for the hospitality business? Is the vendor of G4, a Mr. Tan Sze Seng, still involved in the management of the hostel's operations?**

**Q2.** On 14 March 2017, the company announced the proposed placement of 35,000,000 new ordinary shares in the capital of the company at an issue price of S\$0.060 per new share to raise \$2.1 million.

The Net asset value per share before the placement was 15.16 cents, and 13.35 cents after the placement. As such, the shares were placed out at a discount of 60% to NAV and this resulted in a substantial dilution for shareholders.

It was stated that the net proceeds would be for "general working capital purposes".

- a) **Can the board, and especially the independent directors, explain in greater detail, the deliberations at the board level relating to the proposed placement and why it had approved the proposed placement that was severely dilutive to existing shareholders?**
- b) **In terms of working capital requirements, would the board explain why investing in outside funds, such as the group's \$2 million investment in Asia Long Short Fund, was approved and how was that strategic to the group's core business?**
- c) **Similarly, if the group had wanted to improve the working capital of the group, why did it accept from buyer of Tianjin Swan Lake Real Estate Development Co., Ltd. partial consideration in the form of Abterra shares instead of cash? The group subsequently suffered a decrease in fair value of the shares of up to \$2.23 million.**
- d) **As at 31 December 2017, the group has cash and cash equivalent of \$5.9 million. Would the board consider a strategic review of the group's strategy, and of its operations and management, before it embarks on any major investments?**

**Q3.** As seen from the profile of the board of directors, Mr Cheong Weixiong, Jeff has been appointed an executive director of the company and Group Chief Executive Officer on 4 August 2009. As Group CEO, Mr Cheong is responsible for the overall management of the Group as well as overseeing the Group's Corporate Strategy and Human Resources functions.

Mr Cheong Weixiong, Jeff received remuneration of \$500,000 to \$749,999 for FY2017, being the salary and fixed allowance. There was no bonus and incentives paid to Mr Cheong.

On 18 April 2017, Mr Cheong was appointed to the board of Loyz Energy Limited (now known as CWX Global Limited). On 8 June 2017, Mr Cheong was redesignated as the non-executive chairman of CWX.

- a) **Can the board explain if it was asked to approve, and if it had approved, the appointment of the Group CEO to the board of another listed company, and his subsequent chairman appointment?**
- b) **Given that the company is struggling and is transition, would the company and the group benefit from having a full-time capable Group CEO who can focus on the company's matter?**
- c) **How does the board ensure that the Group CEO would not be put in a position where he frequently has conflict of interests?**

- d) **Has the remuneration committee and nominating committee evaluated this development? If so, what adjustment is the board/NC making to the responsibilities of the Group CEO and what adjustments are being made to the remuneration and the performance metrics?**
  
- e) **Would the board reconsider the role and choice of the Group CEO given that it is critical for the company and for the group to get the growth momentum back?**