

Issuer: Hiap Hoe Limited

Security: Hiap Hoe Limited

Meeting details:

Date: 27 April 2018

Time: 10.30 a.m.

Venue: Ramada Singapore at Zhongshan Park, 16 Ah Hood Road, Zhongshan Room Level 2, Singapore 329982

Company Description

Hiap Hoe Limited, an investment holding company, develops luxury and mid-tier residential, and hotel-cum-commercial properties in Australia and Singapore. The company's Development Properties segment acquires land/property and develops them into residential/industrial/commercial properties for sales. Its Rental segment engages in the business of renting space under the investment properties, property plant and equipment, and completed properties. The company's Leisure segment provides leisure and recreational facilities, including bowling, billiard, and amusement centers under the SuperBowl and SuperFunworld brands. Its Hotel Operations segment operates hotels under the Ramada Singapore and Days Hotel Singapore brands. The company also invests in marketable securities; and is also involved in the civil engineering, general road construction, and sub-contractor works. The company was incorporated in 1994 and is based in Singapore. Hiap Hoe Limited is a subsidiary of Hiap Hoe Holdings Pte Ltd.

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

1. As shown in the Corporate Profile, the company is a “regional premium real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets [...] known for the development of luxury and mid-tier residential [...] The Group’s enlarged portfolio includes distinctive projects such as Zhongshan Park

Integrated Development, Skyline 360° At St Thomas Walk, Waterscape At Cavenagh, The Beverly, Signature At Lewis and HH@Kallang, among others”.

The company is not carrying out any new development in Singapore.

Would the company help shareholders understand the strategic direction of the group better? Specifically:

- (i) **Singapore:** While embarking on its strategic overseas expansion plans that started in 2013, has the group also scaled down on development projects in Singapore and has instead focused on building up its portfolio of investment properties (such as the Orchard Towers purchase) for recurring income?
- (ii) **Hospitality:** With four hotels in its portfolio, does the group have plans to further expand its portfolio of hospitality assets? If so, how much capital will the group be committing to build up its hospitality segment?
- (iii) **Overseas expansion:** Five years into its strategic overseas expansion plans, can management update both new and old shareholders on the current overall growth plans? Please also update shareholders on the targeted allocation by geography and by asset class.

2. Can management also update shareholders on the progress of the following development/investment/hospitality projects?

- (i) **Orchard Towers:** Following the group’s acquisition of the 21 shops and 38 offices, the occupancy at year end stood at 71%. **Are there opportunities to carry out asset enhancement to improve the occupancy and the rental income? What is the group’s strategy to improve the occupancy rate?**
- (ii) **Marina Tower:** Will the balance of the Marina Tower units be handed over in Q1 and/or Q2?
- (iii) **Holiday Inn Express Trafford City:** With the hotel opened since May 2017, has the hotel performed up to management’s expectations?
- (iv) **HH@Kallang:** What is the group’s strategy with regard to the unsold units at HH@Kallang? Was it the original plans of the group to sell the units for development profits or to let out for recurring income?

3. In the Corporate Governance Report, the company has stated the following:

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company’s earnings, general financial condition, results of operations, capital requirement, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

- (i) **With cash and cash equivalents of \$70.3 million as at 31 December 2017, and a strong balance sheet with more than \$1.1 billion generating recurring incoming, has the board deliberated on establishing a fixed dividend policy?**
- (ii) In addition, the dividend payout is exceedingly low at less than 10% in the past two years. A summary from the financial highlights (page 4) is shown below:

Per Share Data (Cents)

Earnings after Tax (Basic)	17.10	9.66	(1.46)	68.28	16.99
Net Assets Value	167.33	152.00	143.04	145.59	79.59
Dividend	1.50	1.00	1.00	1.00	2.00

Financial Ratios

Return on Average Shareholders' Funds (%)	10.71	6.55	(1.01)	59.67	23.51
Debt Equity Ratio (Times) ¹	0.72	0.56	0.76	0.84	1.00
Net Debt Equity Ratio (Times) ²	0.63	0.52	0.71	0.79	0.69
Current Ratio (Times)	0.63	0.90	1.17	1.28	2.65
Dividend yield (%)	1.71	1.41	1.45	1.23	2.41
Dividend payout (%)	8.77	10.36	(68.45)	1.49	11.8

Has the board reviewed if the strong financial position allows the company to increase its dividends and the dividend payout?