



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: AF Global Limited

Security: AF Global Limited

Meeting details:

Date: 25 April 2019

Time: 10.00 a.m.

Venue: 55 Ubi Avenue 1, #06-05 Ubi 55 Building, Singapore 408935

Company Description

AF Global Limited, formerly LCD Global Investments Ltd, is a Singapore-based investment holding company. The Company is engaged in the provision of management services to its subsidiary companies. The Company's segments include property, which relates to project and property management, real estate consultancy services, investment in properties and development of properties for sale; hotel and serviced residence, which relates to ownership and operation of hotels and serviced residences, and leisure and others, which relates to ownership and operation of family entertainment centers and investment holding activities. It operates in Singapore, Thailand, Vietnam, Lao People's Democratic Republic, the People's Republic of China and the United Kingdom. Its subsidiary companies invest in properties; develop properties for sale; provide a suite of real estate consultancy services, and own and operate hotels, serviced residences and family entertainment centers.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=L38)

1. On 11 April 2019, the company announced the completion of the share sale of L.C. Hotels Pte Ltd whose primary asset is the Crowne Plaza London Kensington hotel in London, United Kingdom for £84,361,000 (approximately S\$145,810,000).

The group had also sold the family entertainment business, ZONE X, in FY2018 while there are currently disputes and litigation under court proceedings with the Chinese partner over the Gulou Square in Xuzhou.

Other than that, the group has two hospitality assets in Phuket (one under development), serviced apartments in Vientiane and the Knight Frank real estate consultancy.

- (i) Would the board/management help shareholders understand the group's growth plans? How will the board be allocating its capital?**
- (ii) With the monetisation of the prime hotel assets in London, has the group signaled its exit from the UK?**
- (iii) What are the company's plans for the proceeds from the sale?** The group would be paying back \$29.3 million (term loan) and \$34 million (revolving credit facility) from the proceeds of \$145.8 million.

2. The group owns 55% of equity in Knight Frank Pte Ltd ("KFPL") which in turn owns 90% of equity in Knight Frank Property Asset Management Pte Ltd and 100% of equity in KF Property Network Pte Ltd (collectively, "KFPL and its subsidiaries").

The group recognised KFPL as a joint venture company of the group as it does not have control over KFPL and its subsidiaries. KFPL and its subsidiaries are jointly controlled by the group and the joint venture partner in accordance with a shareholders' agreement.

The Knight Frank Pte Ltd group ("KFG") reported total comprehensive income of \$5.4 million in FY2017 and \$8.4 million in FY2018.

- (i) Can management help shareholders understand the level of influence and oversight over the strategic and day-to-day operations of KFG?**
- (ii) What is the impact of the latest cooling measure on KFG?**
- (iii) How dependent is KFG on the Singapore property market?**
- (iv) Are there opportunities to further increase the group's stake in KFG?**

3. The attendance of directors at board and board committee meetings is shown in the table below:

The details of the number of the Board and the Board Committees meetings held in FY2018 and the attendance of each Director at those meetings are set out below:

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Number of Meetings held ²	Number of Meetings attended ²	Number of Meetings held ²	Number of Meetings attended ²	Number of Meetings held ²	Number of Meetings attended ²	Number of Meetings held ²	Number of Meetings attended ²
Koh Wee Seng	4	4	4	4*	2	2	2	2*
Chay Yue Kai	4	4	4	4*	2	2*	2	2*
Periakaruppan Aravindan	4	3	4	3	2	2*	2	2
Woo Peng Kong ⁽¹⁾	4	4	4	4	2	2	2	2
Yeo Wee Kiong ⁽²⁾	4	4	4	4	2	2	2	2
Ong Tuen Suan ⁽³⁾	2	2	2	2	–	–	–	–
Meelan Gurung ⁽⁴⁾	1	1	1	1	1	1	1	1*

* By invitation.

(1) Woo Peng Kong was appointed as the Chairman of the Audit Committee on 23 February 2018. He ceased as the Chairman of the Nominating Committee on 8 May 2018 but remained as a member of the Nominating Committee.

(2) Yeo Wee Kiong was appointed as a member of the Nominating Committee on 23 February 2018 and ceased as a member of the Nominating Committee on 8 May 2018.

(3) Ong Tuen Suan was appointed as an Independent Non-Executive Director, Chairman of the Nominating Committee and as a member of the Audit Committee on 8 May 2018.

(4) Meelan Gurung resigned as an Independent Non-Executive Director and ceased as the Chairman of the Audit Committee and a member of the Nominating Committee on 23 February 2018.

(Source: Company annual report)

The executive director and the two non-executive directors are invited to the board committee meetings.

- (i) **Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive director, non-executive directors who are not board committee members) to attend board committee meetings?**
- (ii) **Were there specific agenda items or reasons to invite the executive directors to all the board committee meetings?**
- (iii) **What is the dynamics of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive director?** Such board committee meetings would have included agenda items on performance assessment and remuneration of the executive director and on the audit/financial reporting/internal controls of the group.
- (iv) **Do the invited directors also actively participate in the discussions during the board committee meetings?**

The company has also stated that the non-executive directors hold informal discussions without the presence of the management apart from regularly scheduled meetings.

- (v) **Can the independent directors help shareholders understand the number of such meetings?**



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- (vi) **Would it be more efficient if the board committee meetings formally discuss such matters?** This would ensure that board deliberations and decisions are minuted formally.

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=AF%20Global%20Ltd&cid=6545,4622>

The company's response could be found here: -----