



**Securities Investors Association (Singapore)**

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**Issuer:** Figtree Holdings Limited

**Security:** Figtree Holdings Limited

**Meeting details:**

Date: 25 April 2019

Time: 10.00 a.m.

Venue: 8 Jalan Kilang Barat, #03-01 Central Link, Singapore 159351

**Company Description**

Figtree Holdings Limited is a Singapore-based investment holding company. The Company, through its subsidiaries, is engaged in the business of designing, developing, constructing and building commercial and industrial facilities, as well as property development. It operates in three segments: Design and build, which is engaged in designing and building commercial and industrial facilities; Property development, which includes constructing, developing, selling and leasing of residential, commercial and industrial properties, and corporate, which is involved in corporate services. Its Design and build segment's scope of services include a spectrum of the project development process, including land search and authority liaison, feasibility studies, design and construction. In China and Malaysia, it provides design, project and construction management consulting services. Its subsidiaries include Figtree Projects Pte. Ltd and Figtree Developments Pte. Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5F4](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5F4))

1. In the corporate profile, the group describes itself as a provider of commercial and industrial real estate solutions.

Revenue was as high as \$149 million in FY2015 but it has fallen to \$2.4 million in FY2018. The group reported a loss of \$(0.6) million for the first time since its listing.

The major projects undertaken by the group/investments are:

- Multi-Modal Logistics Distribution Centre in Chongqing, sitting on 217,788 square metres (20% stake); to be completed in 2021
- 12,000 gross floor area for food processing and distribution centre, Singapore
- Changshu Fervent High Tech Industrial Park (32% interest)

The group has also exited its mixed-use development project in Melbourne (see question below).

- (i) For the benefit of new and long standing shareholders, can the board articulate clearly its business model and strategic growth plans and identify the value drivers?**
- (ii) What are the management's priorities in the next 18-24 months?**
- (iii) Did management make an informed decision to scale back on construction projects in Singapore?**

2. On 29 October 2018, the company announced the sale of its development project, 303 La Trobe in Melbourne Australia. The project was launched in October 2016 and approximately 97% of the units have been sold but construction has not commenced.

The properties were acquired by the group in 2015 for A\$17.4 million and the group is now selling the project for A\$35.0 million.

The chairman has stated in his statement that the sale of the project would allow the group to realise a profit.

- (i) Would the board help shareholders understand the reason for the delay in the construction?**
- (ii) What was the total sale value that could be recognised from the 97% sale of the units? Did the board assess that there would be significant settlement risks?**
- (iii) How much costs have been incurred by the group?**
- (iv) Given the currency fluctuation, what is the profit that will be realised with the sale? What is the internal rate of return (IRR) of the project based on SGD terms?**

- (v) With the mixed development project (comprising of mainly residential units) now sold, can the company share some of the lessons gleaned by management from the past 3-4 years in the Australian market?**
- (vi) The company has also said that it will continue to keep a look out for opportunities in Australia. Is the trading of development assets in line with the strategic direction?**

**In addition, has management evaluated the return/IRRs achieved from the DP-Master-Vibrant and Master Development investments?**

3. For the financial year ended 31 December 2018, the group reported a (loss) before tax of \$(629,000).

Net (loss) attributable to owners of the company for the year was \$(599,000).

In the Corporate Governance report, under Principle 9: Disclosure on remuneration, the company has disclosed that the remuneration for executive directors and key management personnel includes a variable component that is in the form of a variable bonus linked to the performance of the company and the individual.

Specifically, for Mr Siaw, the remuneration includes an incentive bonus which is “based on the group’s audited consolidated profit before taxation and before profit sharing (excluding non-recurring exceptional items and extraordinary items) but before non-controlling interests of the Group for the relevant financial year”.

- (i) For the avoidance of doubt, can the board clarify, in layman’s terms, if non-controlling interests are included in the calculation of the incentive bonus?**
- (ii) In addition, all the executive directors and key management personnel received “incentive bonus” of between 5.8% to 6.7%. Can the board help shareholders understand if the incentive bonus is paid out even when the company makes losses? Is the incentive bonus based on the group’s and individual’s performance?**