Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: GYP Properties Limited

Stock code: AWS

Meeting details:
Date: 30 October 2020
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the outgoing chairman's message, Mr Mah Bow Tan is stepping down as the chairman to "*further enhance the independence of the board*" under the new SGX regulations.

Mr Andrew Tay Gim Chuan has taken over the board chair role as at 30 June 2020. The profile of Mr Andrew Tay Gim Chuan can be found on page 29. Mr Tay was appointed director of the company on 12 December 2007 and would have served for more than 12 years on the board.

(i) **Would the nominations committee elaborate further on the process to identify and select the new chairman of the board?**

Mr Andrew Tay Gim Chuan, as independent director, provides professional services to the group. In Note E (page 153 – Interested person transactions), it is shown that Mr Andrew Tay Gim Chuan received fees for professional services amounting to $160,000 in FY2020 and $180,000 in FY2019.

In fact, from the company's annual reports, it can be seen that Mr Andrew Tay Gim Chuan has received fees amounting to $180,000 per annum for the provision of professional services from at least FY2013 to FY2019. Including the FY2020 payments of $160,000, Mr Andrew Tay Gim Chuan would have received $1.465 million as professional fees from the company, not including the director fees he would have received in the same period.

In the Practice Guidance issued the Monetary Authority of Singapore together with the Code of Corporate Governance 2018, it was stated, under director independence, that:

> *… the nominating committee and board should consider the following circumstances in which a director should also be deemed to be non-independent:*
>
> *(a) a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S$**50,000** should generally be deemed significant;* [emphasis added]

(ii) **Would the company elaborate further on the scope of professional services provided by Mr Tay?**

(iii) **What are the deliverables?**

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(iv) **Given that the payment to Mr Tay easily exceeds the guideline of $50,000 per year in the Practice Guidance of the Code of Corporate Governance 2018, would the board and the nominating committee be reviewing the independence of Mr Tay?**

Separately, the independence of each director is reviewed annually by the nominations committee ("NC"). The independence of any director who has served on the board beyond nine years from the date of his first appointment will be subject to more rigorous review. As at the date of the annual report, both Mr Ng Tiong Gee and Andrew Tay Gim Chuan have served on the board for more than nine years from the date of their first appointment on 6 August 2007 and 12 December 2007 respectively.

The NC comprises Mr Andrew Tay Gim Chuan (as chairman), Mr Ng Tiong Gee, and Mr Pang Yoke Min (non-executive non-independent director).

Assuming that no director was involved in his own review of independence, did the NC carry out the review of the long -tenured director in a round-robin format? That is, did Mr Andrew Tay Gim Chuan and Mr Pang Yoke Min assess the independence of Mr Ng Tiong Gee? And then for Mr Ng Tiong Gee and Mr Pang Yoke Min to assess the independence of Mr Andrew Tay Gim Chuan?

How effective is the NC given that two out of the three members of the NC are long-tenured and would have their independence reviewed by the NC (and that the third member of the NC is a non-executive non-independent director)?

Q2. Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

(i) **Braddell House: What is the occupancy rate of Braddell House?** From Note 5 (page 93 – Other income), the group's rental income decreased from $2.42 million in FY2019 to $2.08 million in FY2020.

(ii) **Pakuranga Plaza: Similarly, what is the occupancy rate of Pakuranga Plaza (prior to the pandemic) and what is the current committed occupancy rate?**

(iii) **Remarkables Residences:** Remarkables Residences ("RR") is a planned development comprising 200-225 residential units. The group was able to complete Stage 1 (which consists of 56 townhouses) despite the pandemic and has handed over 51 units which have been sold. The proceeds of $36.87 million has been used to fully repay the secured RR term loan. **Can management elaborate on the future plans (including timeline) for RR? How has the pandemic affected the plans?**

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(iv) **Bellfield Estate: When does management expect to complete the development and hand over the units in Stage 1 of the Bellfield Estate project?**

Q3. As disclosed in Note 37(d) (page 142 – Capital risk), the group's gearing ratio increased to 188% as at 30 June 2020. The total gearing ratio is calculated as total debt divided by total equity where total debt refers to the group's borrowings.

The total gearing ratio is calculated as total debt divided by total equity. Total debt refers to borrowings (Note 29). Total equity refers to equity attributable to shareholders of the Company, comprising issued capital (Note 31), accumulated losses (Note 32) and other reserves (Note 33).

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Total debt	**126,785**	90,663	**21,014**	16,979
Total equity	**67,385**	75,844	**70,238**	70,989
Gearing ratio	**188%**	120%	**30%**	24%

(Source: company annual report)

(i) **Has the board provided any guidance to management on the maximum gearing ratio?**

(ii) **What is the targeted optimal capital structure to support the group's growth?**

(iii) **With the settlement of the Remarkables Residences in August 2020, would the company update shareholders on the latest gearing?**

(iv) **What is the realised return on investment for the group's Remarkables Residences after accounting for all the costs, including capitalised interest costs? Has the project met the group's expectations based on the initial investment thesis/board approval?**

(v) **With the group's high leverage and the uncertainties caused by the pandemic, does the group have the financial resources to fund all its development projects?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)