Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Global Yellow Pages Limited

Security: Global Yellow Pages Limited

Meeting details:
Date: 26 October 2018
Time: 10.00 a.m.
Venue: 450 Lorong 6 Toa Payoh, Hersing Centre Level 3 (Red Auditorium), Singapore 319394

Company Description

Global Yellow Pages Limited invests in, develops, manages, and rents real estate properties in Singapore, New Zealand, and Australia. It operates through Search, Food and Beverage, and Property segments. The company owns Yellow Pages building; and Pakuranga Plaza shopping mall, a freehold property in Auckland, New Zealand with a total built up area of 39,209 square meters, as well as a gross lettable area of 29,541 square meters, including retail and office space. It also owns a plot of freehold land of approximately 38,400 square meters located at Queenstown, New Zealand. In addition, the company owns and licenses intellectual property rights of Wendy's brand of desserts and treats in various countries. Further, it is involved in leasing of non-financial intangible assets; and the supply chain business. The company was formerly known as Yellow Pages (Singapore) Pte Ltd and changed its name to Global Yellow Pages Limited in July 2009. Global Yellow Pages Limited was founded in 1967 and is headquartered in Singapore.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AWS)

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1. At the Extraordinary General Meeting scheduled to be held on 24 October 2018, the company is proposing to change its name to "GYP Properties Limited". With the cessation of the print directory business and the restructuring of its digital business, the group's focus will be on real estate.

The diversification efforts first started in 2015 with the purchase of Pakuranga Plaza in Auckland, New Zealand, followed by the acquisition of development land in Queenstown, New Zealand in 2016 and in Papakura, New Zealand in 2017.

- **(i)** **Would management help shareholders understand the group's strategy for its real estate business? In particular, why was New Zealand chosen as the focus/starting point of the group's real estate ventures?**
- **(ii)** **With the recent ban on the purchase of properties by non-resident foreigners (with the exception of Australians and Singaporean), how has this affected the demand for the group's property developments?**
- **(iii)** **What is the share of purchases by non-resident foreigners in Remarkables Residences Stage 1?**
- **(iv)** **Does the group have a systematic approach and a robust framework to guide its site selection for its development projects? Can management help shareholders understand the socio-economic factors that would drive demand for real estate in Pakuranga and Papakura?**
- **(v)** **Can the company describe its business model, and elaborate further on how the business model will create value in the long term for its stakeholders?**
- **(vi)** With the placement and rights issue successfully carried out in FY2018, the group's gearing ratio has been reduced to 95%. The gearing ratio is calculated as total debt divided by total equity. **With equity of $76.2 million, and at a gearing ratio of 95%, how can the group further scale up its real estate development operations? Has the board evaluated the capital required and the optimal capital structure to support the growth plans?**

2. In the interview with the CEO, Mr. Stanley Tan stressed that "buying at the right price, right time and with the right payment structure is key" in the evaluation of any potential project. Other than the property projects, the group still has other businesses and other projects that it had diversified into in recent years.

- **(i)** **What are the lessons gleaned from the group's diversification into other business in the past several years, such as eFusion Solutions, Singapore River Explorer, Wendy's, Yamada Green Resources and the proposed acquisition of Gloria Jeans (that was eventually aborted)?**
- **(ii)** **Has management evaluated the cumulative returns from its investments outside of the directory business?**

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(iii) What guidance has the board given to management to further improve its deal sourcing and the deal structuring?

(iv) What are the safeguards put in place by the board to ensure that the acquisitions are prudent (and are not overly aggressive) and the deals are structured to safeguard the interests of its stakeholders so that it leads to long term value creation for all shareholders?

3. As disclosed in the Corporate Governance Statement, Ng Tiong Gee and Andrew Tay were first appointed on the board on 6 August 2007 and 12 December 2007 respectively. Guideline 2.4 of the 2012 Code of Corporate Governance recommends that the independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

(i) Can the board help shareholders understand how it had subjected the independence of Ng Tiong Gee and Andew Tay to particularly rigorous review?

(ii) Notwithstanding that nominations committee (NC) recommended and the board determined that the long tenured directors are considered independent, what are the board's near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?

Further, in August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 Code"). As a consequence of the revised 2018 Code, the Singapore Exchange will be making amendments to its Listing Rules. The Listing Rule changes will come into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders. In addition, the shareholding threshold for the determination of the independence of a director will be reduced from 10% to 5%.

(iii) Has the board evaluated the impact of the 2018 Code and the amendments to the Listing Rules on the board?

(iv) **Are there any near term plans for the board to reconstitute the board and the board committees to begin the transition to comply with the 2018 Code?**

[Additional Comment: The company has not included its Sustainability Report in the Annual Report but has stated that the report will be published "this year" (page 27)**. Can the company clarify if the targeted date of its first Sustainability Report is 2018 (or the financial year FY2019)?]**

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A copy of the questions for the Annual Report for the financial year ended 30 June 2017 could be found here:

https://sias.org.sg/qa-on-annual-reports/?company=Global%20Yellow%20Pages%20Ltd

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