



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

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Issuer: SLB Development Ltd.

Security: SLB Development Ltd.

Meeting details:

Date: 25 September 2018

Time: 10.00 a.m.

Venue: 29 Harrison Road, Lian Beng Building, Singapore 369648

Company Description

SLB Development Ltd., together with its subsidiaries, operates as a property developer in Singapore. The company develops and sells residential, mixed-use, industrial, and commercial properties. It serves individual purchasers. The company was incorporated in 2017 and is headquartered in Singapore. SLB Development Ltd. is a subsidiary of Lian Beng Group Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=1J0)

1. The group was listed on 20 April 2018 as a diversified property developer with a portfolio of residential, mixed-use and industrial projects. As noted in the Chairman's Message, the group will continue to manage its portfolio of development projects that is diversified in use and size, and will continue with its "joint venture strategy" to manage risks and to undertake larger development projects.

- (i) With the group's listing and with the appointment of an executive director and Chief Executive Officer for SLB, can management help shareholders understand the involvement of the controlling shareholder, Lian Beng Group Ltd, in the day-to-day running of the group and the execution of the group's strategies?**
- (ii) The group has several projects in which its effective interests are as low as 10% to 20%. For such projects, what is the role played by management in ensuring that projects are well managed and that its interests are well-protected? What is the level of oversight and influence on the operational and strategic matters of these projects where the group only holds minority stakes?**
- (iii) As noted in the offer document dated 11 April 2018, the group has plans to undertake property development outside of Singapore, such as Asia-Pacific, Western Europe and North America. Can management elaborate further on some of its key cities/markets it has earmarked and provide more details on its market entry strategy?**

2. The group's gearing ratio, which is defined as total debt divided by total capital plus total debt, stands at 0.66x (page 102 – Note 34: Capital management). While this is an improvement from the 0.785x as at 31 May 2017, the group still has net debt of \$268.8 million compared to its equity of \$141.3 million.

- (i) As the group embarks on new development projects locally and overseas, has the board considered and determined an upper limit to the group's leverage?**
- (ii) What is the impact of rising interest rates on the group's financial performance and how does the group mitigate its interest rate risks?**

In addition, the company does not have fixed dividend policy and the board, having considered the financial performance of the group for FY2018, did not recommend any dividend payment.

- (iii) Would the board elaborate further on the deliberations it has had on the declaration of dividends? What are the factors being considered?**
- (iv) Has the board evaluated how it could balance the group's growth plans and the declaration of dividends to reward shareholders going forward?**

3. At the Annual General Meeting to be held on 25 September 2018, shareholders are asked to approve the payment of Directors' fees of up to \$260,000 to be paid quarterly in arrears for the financial year ending 31 May 2019. The disclosure of director's remuneration is shown on page 22 of the annual report and reproduced as follows:

A breakdown, showing the level and mix of each individual Director's remuneration for FY2018 is as follows:

Name of Director	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Directors' Fees (%)	Total (%)
\$500,000 to \$750,000					
Ong Eng Keong (Executive Director and CEO) ⁽¹⁾	19	63 ⁽²⁾	18	–	100
Below \$250,000					
Ong Lay Koon (Non-Executive Non-Independent Chairman) ⁽¹⁾	–	–	–	100	100
Owi Kek Hean (Lead Independent Director)	–	–	–	100	100
Foo Der Rong (Independent Director)	–	–	–	100	100

(1) Ong Eng Keong is the nephew of Ong Lay Koon.

(2) Bonus paid to Ong Eng Keong was in relation to his contribution to the property development business segment of Lian Beng Group Ltd prior to the listing of SLB Development Ltd.

(Source: Company annual report)

The board's opinion is that, due to confidentiality and sensitivity issues attached to remuneration matters, it would not be in the best interests of the company to disclose the remuneration of each individual director to the nearest thousand as recommended by the 2012 Code of Corporate Governance.

- (i) **Can the remuneration committee explain in greater detail how it had determined the fees of the independent and non-executive directors?**
- (ii) **Would the board consider disclosing the remuneration of the independent directors?**

Separately, as noted in the offer document dated 11 April 2018, the company has entered into a service agreement with the CEO in which the incentive bonus ranged between 2.00% to 2.50% of the audited consolidated profit before tax (PBT).

- (iii) **Would the remuneration committee confirm that the PBT figure used in the calculation of bonus would exclude the profits in the consolidated results of the minority interests?**