



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: SUTL Enterprise Limited

Security: SUTL Enterprise Limited

Meeting details:

Date: 25 April 2019

Time: 2.30 p.m.

Venue: Constellation 1, ONE^o15 Marina Sentosa Cove, #01-01, 11 Cove Drive, Sentosa Cove, Singapore 098497,

Company Description

SUTL Enterprise Limited is a Singapore-based developer, consultant and operator of integrated marinas. The Company operates through the marina segment. The principal activities of the Company are investment holding and provision of management services. The Company owns ONE15, the marina brand, and also owns and operates the ONE 15 Marina Club at Sentosa Cove. It also provides yacht-chartering services. The Company is focused on developing and operating the yacht club, a sports center, and other complementary businesses. Its subsidiaries include SUTL Marina Development Pte. Ltd. (Singapore), ONE15 Luxury Yachting Pte. Ltd. (Singapore), SUTL Marina Holdings Pte. Ltd. (Singapore). (Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BHU)

1. The group has been building up its pipeline of marinas since 2016/2017 and has invested in or signed up management contracts for an impressive network of marinas from Brooklyn to Thailand, Malaysia, Indonesia and to China.

On 21 December 2018, the company announced that the joint venture agreement with UEM Sunrise Berhad had become unconditional. This followed the approval by the Companies Commission of Malaysia (or Suruhanjaya Syarikat Malaysia) to allow the sale of memberships for the ONE°15 Marina Puteri Harbour, Malaysia.

As noted in the Message to shareholders, the group will be looking to proceed with membership sales for ONE°15 Marina Puteri Harbour as construction of the marina is going on in parallel.

When the project was first announced on 22 February 2016, it was slated that the private marina, mega yacht marina and private clubhouse were scheduled to open in early 2018.

- (i) Would management help shareholders understand how long each development cycle typically takes, especially for a greenfield development?**
- (ii) Given the group's track record and expertise, how can management shorten the development cycle so as to reduce the risk and to generate revenue for the group earlier?**
- (iii) Would management consider providing shareholders with regular updates on the progress of the projects?** In the pipeline, there are the upcoming ONE°15 Marina Guishan in Zhuhai and ONE°15 Marina Taihu Lake in Suzhou, China; ONE°15 Marina Nirup Island, Indonesia; ONE°15 Marina Logan Cove Zhongshan, China and, ONE°15 Marina Makham Bay in Phuket, Thailand.

2. Due to the adoption of SFRS(I) 15 (Revenue from contracts with customers) & use of fair value of the date of transition as deemed cost under SFRS (I) 1 (First time adoption of Singapore Financial Reporting Standards (International)), the group restated the carrying amount of its property, plant and equipment from \$16.68 million as at 31 December 2017 to \$79.49 million (an increase of \$62.8 million) and also recognised deferred income (current and non current) amounting to \$66.89 million.

The group has used the fair value of its property, plant and equipment at January 1, 2017 ("transition date") as its deemed cost at the date under SFRS (I) 1 to better reflect the valuation of the Group's property, plant and equipment.

- (i) Would the company list out the properties/assets recognised as leasehold land and building on its balance sheet?** As at 31 December 2018, the group's leasehold land and building amounted to approximately \$70.1 million which is approximately 56% of the group's total assets. This is also a key audit matter highlighted in the independent auditor's report.

Further, the adoption of SFRS(I) 15 led to the deferment of recognition of entrance fee to when future goods and services are provided, i.e. recognised in accordance with the terms of membership.

- (ii) Can the audit committee help shareholders understand, in layman’s terms, how the changes under SFRS (I) 15 affected the groups’ balance sheet?**
- (iii) When would deferred membership income be de-recognised as a liability and recognised as revenue?**

3. In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“2018 CG Code”). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came 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.

The board comprises five directors, including two independent directors. Mr Lew Syn Pau, as independent director and chairman of the board, was first appointed in February 2009 while the other independent director, Mr Colin Ng Teck Sim, was first appointed in June 2011.

- (i) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**

The nominating committee (NC) has stated that the search and nomination process for new directors, if any, will be via contacts and recommendations.

- (ii) Did the NC evaluate how the use of a professional search firm can help the company to cast its net wider to increase the diversity and possibly improve the quality of the candidate pool?**
- (iii) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (iv) What are the company’s near term plans to refresh the membership of the board to comply with the new 2018 Code in good time?**

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=SUTL%20Enterprise%20Ltd&cid=6456,4616>

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



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