



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: TEE Land Limited

Security: TEE Land Limited

Meeting details:

Date: 25 September 2018

Time: 9.30 a.m.

Venue: Orchid Country Club, Emerald Suite, Golf Clubhouse, Level 2, 1 Orchid Club Road, Singapore 769162

Company Description

TEE Land Limited, an investment holding company, operates as a real estate developer and investor in Singapore, Malaysia, Thailand, Australia, and New Zealand. The company operates through three segments: Property Development, Hotel Operations, and Investment Properties. It undertakes residential, commercial, and industrial property development projects; invests in properties, such as hotels in Australia; and provides short-term accommodation in New Zealand. The company was incorporated in 2012 and is based in Singapore. TEE Land Limited is a subsidiary of TEE International Limited.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=S9B)

1. Would the board/management provide shareholders with better clarity on the following operational/financial matters? Specifically:

- (i) **The Peak @ Cairnhill I (Clarification):** In the 2017 Annual Report, the company reported the following:

UPHOLDING SALES GROWTH

During the year, we continued to improve the sales of unsold units for various development projects in Singapore and Malaysia on the back of increased marketing efforts to reach out to potential buyers. In this regard, we are pleased to update that Hilbre28, which reported 60% sales in the last annual report, has obtained temporary occupation permit in May 2017 and is fully sold to date. We have also achieved good take-up at The Peak @ Cairnhill I, which is left with 4 units.

(Source: Company annual report, emphasis added)

In the 2018 Annual Report, from Note 16 (page 98 – Completed properties and land held for sale), it was disclosed that the group is holding on to 15 units in The Peak @ Cairnhill I with a gross floor area of 1,189 sqm. **Can management clarify the number of units left at The Peak @ Cairnhill I?**

- (ii) **The Peak @ Cairnhill I:** Despite the buoyant property market in 2018 prior to the new cooling measures being introduced in July 2018, the group only managed to sell an additional unit at The Peak @ Cairnhill I. The carrying value of the unsold units was further written down to its estimated net realisable value. **What is management’s strategy to maximise and to realise the value of the remaining units?**
- (iii) **Chewathai:** The disposal of the group’s 31.9% stake in Chewathai Public Company Limited was said to “realise value” for the group’s investments. While the sale brought in total proceeds of \$13.68 million, the group recognised an impairment loss of \$(7.3) million even though the carrying value of the group’s quoted equity, at cost, was just \$9.88 million. **Would management help shareholders reconcile the different figures and explain the accounting treatment in layman terms?**
- (iv) **Larmont Hotel:** Larmont Hotel Sydney is recognised as a non-current asset held for sale, with a carrying value of \$47.6 million. **Can management provide an update on the operating performance of the hotel? How does management ensure that the proposed disposal of the hotel does not affect the day-to-day operations of the hotel? Would management help shareholders understand if the hotel has performed up to expectations since its acquisition in 2015?**
- (v) **Strategic review:** While the group continues to excel in small boutique, mid-tier developments in the Outside Central Region (OCR) such as Geylang and Pasir

Panjang, it has mixed results for its luxurious, prime location project. The write down of the group's completed properties was \$(2.9) million in FY2017 and \$(1.7) million in FY2017 and FY2018 respectively. **Would the board consider it opportune to carry out a strategic review of the group's operations to finetune its strategy going forward to leverage on its strengths? With the intention to sell Larmont Hotel following the sale of Quality Hotel and the disposal of the Thai associate, can the company also provide more clarity on its overseas strategy?**

2. In January 2014, the group entered into a Sale and Purchase Agreement to acquire 26 plots of freehold land measuring approximately 679,460 square feet in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia.

The group subsequently terminated the acquisition as a result of non-compliance of conditions precedent by the seller. The deposit amounting to \$3,374,000 was not returned and the group had taken legal action to recover the deposit. Since then, management has assessed that the deposit of \$3,374,000 may not be collectible and hence provided as doubtful receivable.

- (i) Please identify the seller.**
- (ii) Can management help shareholders understand the due diligence process it goes through prior to any investments, especially if it involves first-time partner/foreign partner?**
- (iii) What is the role played by the independent directors in the group's deal sourcing, deal structuring and the due diligence process?**
- (iv) Can management provide an update on the legal proceedings to recover the deposit?**
- (v) What are the out-of-court actions taken by management to recover the outstanding amount?**

3. As noted in the Corporate Governance report, the board comprises seven members, of whom four are independent directors, two are non-executive directors and one is an executive director. In particular, Er. Dr. Lee Bee Wah, as independent director and chairman of the board, and Mr. Lim Teck Chai, Danny, as independent director, also sit on the boards of Koh Brothers Group Limited and Stamford Land Corporation Ltd respectively.

From the websites/annual reports, one of the core businesses of Koh Brothers is real estate development and it has been actively acquiring landbank in Singapore for redevelopment. Stamford Land is in the business of hospitality, property investment and development in New Zealand and Australia.

As the group is involved in property development in Singapore and property investment in New Zealand and Australia, there appears to be significant overlap with those other companies that the independent directors sit on.

- (i) Would the two above-mentioned independent directors be frequently put in a position where they would have conflicts of interests?**
- (ii) How does the company ensure that its interests are protected? For instance, what safeguards are put in place to ensure that the sensitive commercial information, such as participation in land tenders, private treaty opportunities, is well protected?**
- (iii) Even if a conflicted director recuse himself/herself from certain sensitive discussion either in the company or on the other boards, the act of recusing oneself would still provide competitive information. How does the company mitigate such risks?**
- (iv) Would the nominating committee and the above-mentioned directors be re-evaluating their conflicting appointments on other boards?**

As noted in the director's profile (page 15), Mr. Lim Teck Chai, Danny is currently an equity partner in Rajah & Tann Singapore LLP. Mr. Lim also sits on three other listed companies, namely UG Healthcare Corporation Limited, Kimly Limited and Stamford Land Corporation Ltd. As announced on 9 September 2018, Stamford Land, together with its directors, including Mr. Lim Teck Chai, Danny, have on 7 September commenced legal proceedings against a minority shareholder.

- (v) Given Mr. Lim's work in the law firm as a partner, his 3 other board representations in listed companies and a law suit as a director against a minority shareholder, can Mr. Lim help shareholders understand how he is able to devote sufficient time, energy and attention to the matters of the company?**
- (vi) As Mr. Lim is seeking re-election at the Annual General Meeting on 25 September 2018, would Mr. Lim like to state his commitment to the company so that shareholders can support the resolution knowing that Mr. Lim is able and willing to commit to the company and be effective as an independent director?**
- (vii) Also, should Mr. Lim be re-elected, would Mr. Lim be reconsidering his other commitments so as to be able to devote more time and attention to the group especially as the group's profit has been on a steep downward trend and has slipped into a loss of \$(4.9) million for FY2018?**

A copy of the questions for the Annual Report for the financial year ended 31 May 2017 and 31 May 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=TEE%20Land%20Ltd>



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

