



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Tuan Sing Holdings Limited

Security: Tuan Sing Holdings Limited

Meeting details:

Date: 24 April 2019

Time: 9.00 a.m.

Venue: NTUC Centre, 1 Marina Boulevard, Room 701 Level 7, One Marina Boulevard, Singapore 018989

Company Description

Tuan Sing Holdings Limited, an investment holding company, engages in the property development and investment, hotels investment, and industrial services businesses in Singapore, Australia, China, Malaysia, Indonesia, Europe, and other ASEAN countries. Its Property segment develops and invests in residential, commercial, and industrial properties; and provides property management services. The company's Hotels Investment segment owns two five-star hotels managed by Hyatt International in Melbourne and Perth, Australia. Its Industrial Services segment trades and markets various industrial commodities, including coal, rubber, and metals used by manufacturers in the energy, rubber, and automotive industries; and distributes consumer products, such as feminine napkins, smart pants, baby diapers, and adult diapers, as well as provides in-house packaging services for supermarkets and airlines. This segment also provides geotechnical and soil investigation services; and manufactures un-laminated and laminated polypropylene woven bags for fertilizer, sugar, chemical, and flour and feed meal products. The company's Other Investments segment manufactures and sells double-sided, multi-layered, and high-density printed circuit boards; and distributes and markets golf and golf-related lifestyle products. The company was formerly known as Hytex Limited and changed its name to Tuan Sing Holdings Limited in 1983. Tuan Sing Holdings Limited was founded in 1969 and is headquartered in Singapore.

(Source: http://www.sgxc.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=T24)

1. As noted in the corporate profile (page 5), the group is set to mark its Golden Jubilee in 2019 and has embarked on a strategic business transformation to reposition itself from a niche developer to a major regional player with a presence in commercial, residential and hospitality properties in key cities across the Asia-Pacific, particularly in Singapore, China, Indonesia and Australia. It also intends to participate in large-scale integrated developments and townships as it enters the next phase of growth.

- (i) Would the board help shareholders understand the deliberations it has had over the strategic business transformation? Was there unanimous support on the board for the group's new strategy?**
- (ii) Does the group have the balance sheet to support the new strategies?**
- (iii) What is the group's expertise in large-scale integrated developments and townships?**
- (iv) Would the new strategic direction alter the risk profile of the group?**

In addition, would the board/management provide shareholders with better clarity on the following operational and financial matters for its Singapore developments/pipeline? Specifically:

- (v) 18 Robinson: With the Temporary Occupation Permit obtained in January 2019, would management provide shareholders with an update on the leasing status of 18 Robinson? What is the targeted tenant profile for the office tower? Similarly, how would management be positioning the retail mall? What is the track record and expertise of the group in managing a retail podium in the CBD?**
- (vi) 896 Dunearn: The commercial building was acquired in June 2017 at a price of \$365 million. With the upgrading works underway, can management disclose how it intends to reposition the property? How much would the "Additions and Alterations" works cost?**
- (vii) Mont Botanik: The land at Jalan Remaja was acquired in July 2017 through a private tender for \$47.8 million and was launched in August 2018, after the government announced new cooling measures in July 2018. What is the sales progress of the project? Would management help shareholders understand the reason for the delay in the launch?**
- (viii) 333 Thomson Road: The site was acquired via a collective sale at a price of \$118.88 million, 12% above the owners' asking price of \$106 million just prior to the July 2018 cooling measures. What is management's strategy to launch and sell the development project given the current market conditions? At a land cost of \$1,558 psf per plot ratio, what is the developer's margin that can be achieved?**

2. On 24 September 2018, the company announced that it has acquired an initial 7.8% stake in Sanya Summer Real Estate Co Ltd (“SSRE”), a Hainan-based property development company, for RMB75 million.

- (i) Would the company help shareholders understand how it was able to deal-source the SSRE investment? Does the group have a formal and structured approach to source for investment opportunities given that the group has ambitions to become a major regional player?**
- (ii) Given that the iconic landmark project in Sanya will have a development cost of RMB 1.6 billion, does SSRE have enough resources to fund the development? How much more is the group ready to commit to support SSRE?**
- (iii) In addition, what is the level of oversight and influence by the group to safeguard its investment?** The group has the contractual right to appoint one out of six directors to the board of directors of SSRE and it has recognised SSRE as an associate of the group even though the group only owns a 7.8% ownership interest.
- (iv) With the current arrangement, how is management able to leverage “its strength and track record” to value-add to the Hainan development project?**
- (v) Has the board, especially the audit and risk committee (ARC), evaluated the risk that the Sanya/Hainan market may be overheated and prices may have gone ahead of economic fundamental?**

3. As seen in Note 22 (page 158 – Share capital), the company bought back 650,000 of its ordinary shares and subsequently cancelled the shares. In addition, it bought back 4,383,400 shares and held them as treasury shares.

The company has resumed its share buy back at the end of March 2019, adding 200,000 shares under the Share Purchase Mandate that was approved by shareholders.

In the financial year, the company returned \$1.8 million to shareholders through the share buy back programme. The board has proposed a first and final dividend of 0.6 cents per share and a special dividend of 0.3 cents per share, for a total proposed dividend of \$10.678 million for FY2018 (or a payout ratio of 50.2%).

- (i) Can the board elaborate further on the share buyback? Under what circumstances would the board be buying back the company’s share?**
- (ii) What deliberation did the board have on returning capital to shareholders via the share buy back versus dividends?**



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(iii) How will the dividends be affected if the group is embarking on a transformation to develop large-scale integrated developments and townships?

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=Tuan%20Sing%20Holdings%20Ltd&cid=6313,4525>

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