



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: Wee Hur Holdings Ltd.

Security: Wee Hur Holdings Ltd.

Meeting details:

Date: 26 April 2019

Time: 11.30 a.m.

Venue: Quality Hotel Marlow Singapore, Quality Ballroom, 201 Balestier Road, Singapore 329926

Company Description

Wee Hur Holdings Ltd. is a Singapore-based investment holding company. The Company's segments include property development segment, building construction segment, investment property segment and investment holding segment. The property development segment is engaged in the business of development and sale of residential and industrial properties. The building construction segment is engaged in the business of constructing residential and commercial properties. The investment property segment is engaged in the business of building and operating foreign workers' dormitories, and student accommodation for local and foreign students. The investment holding segment is involved in Group-level corporate services. The Company's subsidiaries include Wee Hur Construction Pte Ltd, which is engaged in general building and civil engineering construction, and Wee Hur Development Pte. Ltd., Wee Hur Dormitory Pte. Ltd. and Wee Hur International Pte. Ltd., which are engaged in investment holding. (Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=E3B)

Q1. As the group scales up its foreign operations, it is exposed to fluctuations in foreign currencies that would impact the group's cash flow and net investment in its foreign operations. For the financial year ended 31 December 2018, the group reported a currency exchange loss of \$(15.7) million. In comparison, the group's total profit for the year was \$33.2 million.

- (i) Would management help shareholders understand the level of natural hedging it has in its foreign operations?**
- (ii) As the group has scaled up its foreign investment, has the audit committee reviewed the impact of foreign exchange fluctuation on the group?**

As shown in Note 23 (page 132 – Derivatives financial instruments: Forward currency exchange and interest rate swap contracts), the group has notional amounts of \$35.9 million. The group has said that currency derivatives are utilised to hedge significant future transactions and cash flows.

- (iii) What is the guidance given by the audit committee to management to help the group hedge its foreign currency risks, especially for its net investments in foreign markets?**

Q2. The increase in revenue to \$293.7 million in FY2018 was due to the recognition of revenue from Mega@Woodlands which attained its TOP in January 2018. While the actual sales at the industrial development, Mega@Woodlands, is about 61%, the group has disclosed that the take-up rate is as high as 77% (16% more) if units under the group's innovative scheme, Rent-to-Own ("RTO") are considered.

- (i) Can management elaborate further on the "Rent-to-Own" scheme? What are the terms offered to the potential buyer under the RTO scheme?**
- (ii) How are the units accounted for in the group's balance sheet? Is the group acting as the financier for the potential buyers who has the option to back out of the "purchase"?**

As for the residential development, Parc Botannia, the group is using a PPVC ("Prefabricated Prefinished Volumetric Construction") construction method.

- (iii) Can management help shareholders understand what it has learnt from using the PPVC construction method?**

Q3. In the Corporate Governance, under Principle 9: Disclosure of remuneration, the company disclosed the remuneration of directors on page 57 of the annual report. An extract showing the remuneration disclosure for the two directors is shown below:

Details of remuneration and benefits of Directors and key management personnel for the financial year ended 31 December 2018 which will provide sufficient overview of the remuneration of Directors and key management executives are set out below:

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Directors					
Above S\$1,000,000					
Goh Yeow Lian*	–	12	87	1	100
Goh Yew Tee*	–	22	74	4	100
S\$500,001 to S\$1,000,000					
Goh Yeo Hwa*	–	24	71	5	100

(Source: Company annual report)

As can be seen from the table above, Mr Goh Yeow Lian and Mr Goh Yew Tee, as executive directors, received remuneration of “Above \$1,000,000”. Mr Goh Yeo Hwa received remuneration of \$500,000 to \$1,000,000.

While the board supports and is aware of the need for transparency, the company has stated that it will not make full disclosure of the specific remuneration of each individual director.

- (i) Would the board help shareholders understand why the top remuneration band does not have an upper bound?**
- (ii) What were the deliberations by the board in deciding not to provide an upper band?**

In Note 30(b) (page 150 – Related party transactions), the remuneration of director is disclosed as follows:

	Company	
	2018	2017
	\$'000	\$'000
Remuneration of directors of the Company	5,123	3,539
Fees to directors of the Company	180	180
	5,303	3,719

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

(Source: Company annual report)

As the group has three executive directors, with Mr Goh Yeo Hwa's remuneration being disclosed as \$500,000 to \$1,000,000. If it is assumed that Mr Goh Yeo Hwa received \$750,000, and each of Mr Goh Yeow Lian and Mr Goh Yew Tee received the same remuneration, then Mr Goh Yeow Lian and Mr Goh Yew Tee received approximately \$2.187 million each.

This would be very far from the "Above \$1,000,000".

(iii) Would the remuneration committee (RC) be reviewing the company's practice on remuneration disclosure?

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

<https://sias.org.sg/qa-on-annual-reports/?company=Wee%20Hur%20Holdings%20Ltd&cid=6468,4304>

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