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**Issuer:** Yanlord Land Group Limited

**Security:** Yanlord Land Group Limited

**Meeting details:**

Date: 29 April 2019

Time: 2.00 p.m.

Venue: Capricorn and Leo, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594

**Company Description**

Yanlord Land Group Limited (Yanlord) is a Singapore-based investment holding company. The Company is a procurer of funds. The Company's segments include Property development, Property investment and Others. Its Property development segment is involved in the development of residential, commercial and other properties. Its Property investment segment is involved in leasing of properties to generate rental income and to gain from the appreciation in the value of the properties in the long term. Its Others segment is involved in provision of property management, ancillary services, advance purchase of construction materials, investment holding and others. Its portfolio of projects include Yanlord Town, Yanlord Townhouse, Yanlord Western Gardens, Yunjie Riverside Gardens, Yanlord Rosemite, Yanlord New City Gardens, Yanlord Eastern Gardens, Yanlord on the Park and Tang Yue Bay Gardens. Its projects are located in Chengdu, Guiyang, Nanjing, Shanghai, Shenzhen, Suzhou, Tianjin and Zhuhai.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=Z25](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=Z25))

1. As noted in the Chairman's statement, FY2018 was a volatile year as the central government of the People's Republic of China ("PRC") actively managed its economy to deleverage, reduce overcapacity and to restructure the economy. The property sector was affected by austerity measures which included purchase restrictions, price caps and credit tightening.

The chairman also shared that the official master plan for the Greater Bay Area as well as relaxations in the macro credit and tax environment in the PRC have resulted in previously suppressed real demand for property returning to the market.

The group remains positive on the long-term outlook of the PRC real estate sector and will capitalise on its track record and comparative advantages in the development of quality projects as well as its sizeable landbank to generate greater returns for our stakeholders.

- (i) Can management also elaborate on the indirect impact, if any, of the trade tension with the USA?**
- (ii) Has there been any increase in settlement defaults for the group's projects?**
- (iii) As at 31 December 2018, the group held RMB5.96 billion of completed properties for sale, including RMB412 million of interest capitalised. While the inventory is lower than a year ago (2017: RMB8.49 billion), what are management's plans to reduce the inventory?**
- (iv) While the chairman has given a good overview of the development in the real estate market, can the chairman also highlight the key risks and threats in the real estate market?**
- (v) Is the scaling up of the hospitality division a way to mitigate the group's development exposure?** In fact, the group has also ventured into the provision of project management services for rental housing. **Would management update shareholders on its revised strategy?**
- (vi) Where are the hotspots where the local economy could still strongly support the real estate market and which are the cities where the market may appear to be frothy?**
- (vii) Given that the development cycle of real estate is fairly long, how does the group mitigate any political/government intervention risks?**

2. On 12 April 2018, the company announced its foray into the high-end real estate development in Singapore with the successful tender of the en bloc sale of Tulip Garden. Together with the partner, MCL Land, the \$906.9 million paid for the prime District 10 site translates into a land rate of S\$1,70 per square foot per plot ratio. The site could potentially yield up to 670 prime residential units.

Shortly after the successful bid, on 5 July 2018, the government announced new cooling measures that raised the Additional Buyer's Stamp Duty (ABSD) rates and tightened loan-to-value (LTV) limits on residential property purchases. Since then, the market sentiments have weakened significantly.

In the Draft URA Masterplan 2019, the site's plot ratio remains at 1.6.

- (i) When is the group ready to launch the redevelopment project?**
- (ii) Given the new cooling measures that were announced in July 2018, how did it affect the plans for the new launch?**
- (iii) Would the group and its joint partner consider how the plot could be affected by the Draft Master Plan 2019?**
- (iv) Given that this is the group's first project in Singapore since its listing in 2006, is this a sign that the Chinese market is starting to cool down and may not offer as much opportunities?**
- (v) Can the board articulate its overall capital allocation strategy for the group? How much capital will be allocated outside of China?**

3. On 30 August 2018, the company announced the retirement of Lt. Gen (Ret) Ng Jui Ping as an independent director of the company, with effect from 31 August 2018. Lt. Gen (Ret) Ng served on the board for 12 years and he is stepping down in the interests of board rejuvenation.

On the same day, the company announced the appointment of Mr. Hong Pian Tee as an independent director, with effect from 1 September 2018.

Of the three other independent directors on the board, Mr Ronald Seah Lim Siang and Ms Ng Shin Ein were both appointed on 11 May 2006. As such, Mr Seah and Ms Ng would have served on the board for nearly 13 years each. Mr Ronald Seah Lim Siang is also the company's lead independent director.

With the appointment of Mr. Hee Theng Fong (on 11 October 2017) and Mr. Hong Pian Tee (on 1 September 2018), the company appears to have started its board renewal process.

- (i) Has the nominating committee (NC) reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed by new director appointments?**
- (ii) What is the search and nomination process for directors, especially independent directors?**
- (iii) How does the board/NC ensure that the board, as a group, has an appropriate balance and diversity of skills, experience, gender and knowledge of the company?**



- (iv) Are the non-executive directors effective at constructively challenging and helping the group develop proposals on strategy? What is their collective experience of the group's core business (i.e. high end real estate development in China)?**
  
- (v) What are the company's other near term plans to refresh the membership of the board to comply with the new 2018 Code in good time?** In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 CG Code") and under the revised Listing Rules, the requirement for independent directors to comprise one-third of the board come into effect on 1 January 2022. In addition, 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.