Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Bukit Sembawang Estates Limited

Stock code: B61

Meeting details:
Date: 28 July 2022
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. For the financial year ended 31 March 2022, the group reported revenue and net profit of $288.2 million and $82.9 million respectively. As at 21 June 2022, the group has sold 100% of Nim Collection Phase 2; 12% of The Atelier; and 79% of LIV @ MB.

In the chairman's statement, it was disclosed that the group will be focusing its efforts on LIV @ MB and Pollen Collection, the latter planned for launch in Q3/4 of 2022.

(i) The Atelier is a 120-unit, 22-storey residential development, situated in prime District 9. The project sits on the freehold land on Makeway Avenue which was acquired in March 2018. The Atelier was previewed in February 2021 but saw its March 2021 launch shelved. **With just 12% sold, what is management's strategy to improve the sales? For the benefit of shareholders, are there any reasons why The Atelier was not discussed as a key focus of the group in this new FY? Is management exploring alternate options for The Atelier?**

For LIV @ MB, the group previewed and launched the project in May 2022, achieving sales of 235 out of 298 units (79%) as of 21 June 2022. The 13,076.9 sqm land was acquired in March 2018. Since the land acquisitions in 2018, the government has imposed additional cooling measures in July 2018 and December 2021.

(ii) **Can the board help shareholders understand if the group is agile enough to execute on its development projects and to successfully launch the projects in a timely manner to de-risk the group? Has the board reviewed if the "lag" of 3-4 years to launch a project is in line with the industry? If not, how will the company be improving its "time-to-market"?**

Designed by renowned W Architects, Pollen Collection comprises 132 units of 99-year leasehold 3-storey landed houses with attic, including 106 intermediate terraces, 22 corner terraces and 2 pairs of semi-detached houses.

(iii) **In addition, what is the group's view of the market sentiment for landed homes in Singapore, especially high end, luxury large terraced and semi-detached houses? Does management expect the rising interest rates to dampen demand for the Pollen Collection? How is the group marketing this project to attract potential buyers?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q2. The key executives, as seen from the remuneration disclosure, are as follows (page 26):

- Ms Ho Jenny, General Manager (Marketing & Sales)
- Mr McDonald Low Hoong Chiong, Head of Project
- Mr Charles Chow Kim Ghee, Chief Operating Officer
- Ms Jacqueline Chang Poh Nah, Financial Controller
- Mr Michael Chan Lim Huat, Head of Property Management

In February 2021, Mr Ooi Chee Eng resigned as acting CEO, CFO and company secretary. The CEO role has not been filled since Mr Ng Chee Seng retired as the chief executive officer with effect from 31 August 2019 after 12 years as CEO.
The company appointed Ms Jacqueline Chang Poh Nah as the financial controller and Mr Charles Chow Kim Ghee as the chief operating officer in December 2020 and February 2021 respectively.

The company does not currently have a chief executive officer or a chief financial officer.

(i) **Has the board/nominating committee (NC) assessed if the group has the necessary human resources and the depth in its management team to execute the group's growth strategies?**

(ii) **Who is responsible for the group's P&L?**

(iii) With nearly $1.5 billion in total equity, the group would greatly benefit from appointing an experienced CEO with a proven track record, with experience gained working in a large real estate developer, to lead the group. **What is the progress made by the company in its search for a new CEO? What are the criteria used to shortlist the CEO candidate?**

(iv) **Did the vacant CEO role contribute to the group's delayed launch of LIV@MB and The Atelier?**

(v) **Would the NC elaborate further on the group's succession planning of senior executives and the depth of the group's leadership bench strength in the core functions of the group?**

(vi) **Separately, given that Fraser Residence Orchard, Singapore is externally managed, what is the level of influence and oversight by management? How does management value-add to the operation of the group's luxury serviced apartments?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q3. As at 31 March 2022, the group has $530 million (FY2021: $729 million) in cash and cash equivalents, with over $480 million (FY2021: $575 million) in fixed deposits (page 95; Note 12 Cash and cash equivalents).

As shown in the statements of financial position (page 65), borrowings amount to $130.9 million as at 31 March 2022 (FY2021: $337.9 million).

The net finance cost of the group was $3.37 million (FY2021: $4.36 million) despite the group being in a net cash position.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31, 2022

	Note	2022 $'000	2021 $'000
Revenue	18	288,229	580,961
Cost of sales		(187,925)	(337,599)
Gross profit		100,304	243,362
Other income		1,357	1,655
Administrative expenses		(8,979)	(8,155)
Other operating income/(expenses)		6,019	(5,141)
Profit from operations	19	98,701	231,721
Finance income		1,670	2,086
Finance costs		(5,036)	(6,442)
Net finance costs	20	(3,366)	(4,356)
Profit before tax		95,335	227,365
Tax expense	21	(12,417)	(37,930)
Profit for the year representing total comprehensive income for the year		82,918	189,435

(Source: company annual report; emphasis added)

(i) **For shareholders' benefit, can the board elaborate further on its capital management strategy? Are there any reasons for the group to borrow and incur finance costs of $5-6 million when the group is in a net cash position?**

(ii) **Given that interest rates have increased and are widely expected to rise more, what is the board's strategy to better manage the group's capital to minimise the group's net finance costs?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)