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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: China Yuanbang Property Holdings Limited

Stock code: BCD

Meeting details:

Date: 29 October 2021

Time: 10.00 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.

Q1. In his statement to shareholders, the chairman highlighted the introduction of the “Three Red Lines” framework in August 2020 by The People’s Bank of China and the Ministry of Housing to improve the financial health of the real estate sector in China.

- (i) **Can the chairman/management clarify if the group has crossed any of the three red lines?** It would appear that the group has exceeded the net debt to equity cap of 100%. As at 30 June 2021, the group’s net debt to equity ratio stood at 101.6% (page 4 – Five years key financial highlights). **Is the group looking to include these metrics as part of its financial reporting, going forward?**
- (ii) The group describes itself as “a premium brand Guangzhou-based property developer that focuses on the development of quality residential and commercial properties, targeting at the middle to upper-middle income market segments” (page 3- Corporate profile). **How has the group been affected by the “Three Red Lines” framework, especially given its focus on Guangzhou and on the middle to upper-middle market segment? How is management adapting to the new policies?**
- (iii) **Can management also provide shareholders with the sentiment on the ground in Guangdong, especially with the fallout from the debt woes of China Evergrande Group?**
- (iv) **Shan Qing Shui Xiu (山清水秀):** Can management provide shareholders with greater clarity on the sales progress of Phases I, II and III of the projects? What are the reasons that pre-sale units that have been completed have not been handed over to buyers? In addition, are the properties currently under construction in Shan Qing Shui Xiu (shown on page 11) considered Phase IV?
- (v) **Ming Yue Shui An (明月水岸):** Is the group facing difficulties in selling the remaining 30% of Ming Yue Shui An?
- (vi) **Hou De Zai Wu (厚德載物):** The group has stated that the value of pre-sale units not handed over to buyers stood at RMB243.6 million as at 30 June 2021. **When does management expect the handing over to buyers be completed? Has the group experienced significant defaults?**

- (vii) **Dividends:** The company last paid a dividend to shareholders in 2014. From the five years key financial highlights (page 4), it can be seen that the company has performed reasonably well – net asset value per share has increased from RMB9.6 in FY2017 to RMB11.50 in FY2021. The group's gearing has also improved significantly from 247% to 102% at the end of the last financial year. **What deliberations did the board have on the declaration of dividends to reward shareholders? How can management balance the need to (re)invest in the business and the need to provide stable and sustainable returns to the capital providers?**

Q2. In the corporate information section (page 2), the company has listed its website as <http://www.yuanbang.com/>

- (i) **Can the independent directors, especially the lead independent director, help shareholders understand if they have visited the company's website? Specifically, have the directors visited the company's website in the past 6.5 years?**

In the corporate governance report (page 46 of the annual report), the company stated that information is communicated to shareholders on a timely basis through, inter alia, the corporate website of the company at <http://www.yuanbang.com>.

The landing page of the corporate website still shows a piece of news from January 2015 (reproduced below).



(source: <http://www.yuanbang.com/>)

Only 8 articles from 2015 are listed on the company news page that can be found at the following URL: <http://www.yuanbang.com/fujihang/fuNewsCenter?showType=0>.

From the company announcement page, only 6 articles could be found, with some as dated as 8 years old (see <http://www.yuanbang.com/fujihang/fuInvest?showType=1>).

In addition, the website does not seem to be secured.

- (ii) **Can the directors help shareholders understand if the company has met the requirements of Provision 13.3 of the Code of Corporate Governance 2018?** Provision 13.3 of the Code requires a listed company to maintain a current corporate website to communicate and engage with stakeholders. The company has indicated that it has done so.
- (iii) **Can the board, especially the independent directors, help shareholders understand when an updated and secured website can be set up?**

Q3. At the annual general meeting scheduled to be held on 29 October 2021, Mr Chong Soo Hoon Sean would be retiring and seeking his re-election as an independent director. In addition, Mr Teo Yi-Dar would be seeking a two-tier vote by shareholders for his continued appointment as an independent director. Mr Teo Yi-Dar was first appointed as an independent director on 26 March 2007.

The profiles of the directors can be found on pages 19 and 20 of the annual report. Additional information on the directors seeking re-election can be found on pages 21 to 24.

- (i) **Can Mr Chong Soo Hoon Sean and Mr Teo Yi-Dar help shareholders understand their contribution to the board? What is their level of familiarity with the real estate business in China?**
- (ii) **In addition, how much time do they commit to attend to the affairs of the group? Can the directors help shareholders understand their level of involvement in the company's announcements and in the preparation of the annual report to shareholders?**
- (iii) **As a member (and also chairman) of the nominating committee, what were the directors' views on the board's deviation of provisions 2.2 and 2.3 of the CG Code?**
- (iv) **As the lead independent director, would Mr Teo Yi-Dar be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?**

^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](http://www.sias.org.sg)

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[^] 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>)