



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Ho Bee Land Limited

Stock code: H13

Meeting details:

Date: 21 April 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.

Q1. Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

- (i) **Singapore residential development:** What is management's view of the prospects of residential development in Singapore? Is management actively seeking to acquire development landbank in Singapore?
- (ii) **Cape Royale:** During the year, the group released selected units in Turquoise and Seascape for sale and achieved strong sales performance due to increased interest in Sentosa Cove. **What are the factors considered by management in determining whether to officially launch Cape Royale? Has management actively explored the sale of the entire project to a single buyer?**
- (iii) **Queensland, Australia:** What is the sentiment on the ground in Queensland, especially for the group's land subdivision projects? What is the profile of the typical buyer of the group's housing lots?
- (iv) **China associates:** As disclosed in Note 8 (page 124 – Associates), the group has over \$369.5 million in associates, two of which are material to the group and account for \$366.4 million. **What is the ability of management to value-add in the projects in China, in cases such as when it only has a 8% effective stake in the 3,052-unit residential project in Nanjing?**
- (v) **Quoted equity securities:** As shown in Note 11 (page 129 – Financial assets), the group has over \$5.2 million in quoted equity securities designated at fair value through profit or loss. **What are the underlying investments? Are the group's investments in quoted equity securities aligned with the long-term strategies? Who is overseeing these investments?**
- (vi) **Sustainability:** The Metropolis attained the Green Mark Platinum certification which is the highest rating for energy-efficient buildings by the Building & Construction Authority of Singapore. Similarly, Elementum will be a Green Mark Platinum certified project while The Scalpel has a BREEAM (Building Research Assessment Method) rating of "Excellent" and an Energy Performance Certificate rating of B. **What are the sustainability ratings for the group's other major assets, such as Apollo House and Lunar House and 1 St Martin's Le Grand? Are there near-term plans to further improve the energy efficiency/performance of these buildings?**

Q2. In the property investment segment, the group is developing Elementum, a 12-storey biomedical sciences development project which is expected to be completed in the second half of 2023. This greenfield development will provide approximately 378,000 square feet of business park space for biomedical sciences research and supporting activities as well as 67,000 square feet of space for office and retail uses.

- (i) **What is the progress of the construction?**
- (ii) **Given the challenges caused by the COVID-19 pandemic, does management expect the project to be completed on schedule and within budget?**

A major milestone for the group is the latest acquisition of The Scalpel in London, as announced by the company on 24 February 2022, for £718 million (approximately S\$1.31 billion). With this purchase, the group's portfolio of investment properties in London increased to eight, including Ropemaker Place and 1 St Martin's Le Grand. Post-acquisition of The Scalpel, the value of the group's London portfolio is approximately £2.1 billion.

In Singapore, The Metropolis at 9 & 11 North Buona Vista Drive is valued at \$2.05 billion.

As at 31 December 2021, the carrying value of the group's investment properties is \$4.95 billion (prior to the acquisition of The Scalpel).

- (iii) As at 31 December 2021, the group has net debt amounting to \$2.42 billion and a net gearing ratio of 0.62 times. **What is the net gearing ratio after the acquisition of The Scalpel?**
- (iv) **What is the debt headroom available to the group before the group hits any internal limit on its leverage?**
- (v) **Has the board/management evaluated if the current ownership structure of the investment properties is efficient?** The Scalpel, valued at £718 million (approximately S\$1.31 billion), will add on to the existing portfolio valued at \$4.95 billion as at 31 December 2021. **Has the board considered unlocking value from the investment properties portfolio with a potential REIT spin-off?**

Q3. As disclosed in the corporate governance report, the company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd. which has been appointed since 1 January 2012. The internal auditor reports directly to the chairman of the audit & risk committee ("ARC") on audit matters and to management on administrative matters.

- (i) **How was the scope of the internal audit determined? What was the scope of the internal audit in FY2021?**
- (ii) **How long is an internal audit cycle?**
- (iii) **Can the ARC clarify if the internal audit covers the material associated companies? If not, why not?**
- (iv) **What are the key findings by the internal auditor in FY2021?**

In addition, the board disclosed that the directors considered the IT infrastructure of the group when the board met for the annual business review in December 2020 given that more staff are accessing the network from home with the COVID-19 situation. Vulnerability Assessment and Penetration Tests (VAPT) were conducted and the result of the tests was reported to the ARC and board.

- (v) **What were the key findings of the VAPT?**

[^]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.

[^] 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>)



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

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