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Issuer: Olive Tree Estates Limited

Stock code: 1H2

Meeting details:

Date: 30 April 2021

Time: 11.00 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. As noted in the joint message to shareholders, the chairman and CEO stated that the group is focused on being a 'be good, do good and for good' enterprise with the provision of quality affordable housing in Vietnam.

The company, National Housing Organization Joint Stock Company ("NHO") and Emerging Markets Affordable Housing Fund Pte Ltd ("EMAHF") entered into a Covenant Partnership Agreement on 18 March 2019 which expressed the parties' mutual understanding of the four proposed co-development projects in Ho Chi Minh City, Binh Duong, Ha Long and Hai Phong, Vietnam.

As stated in the annual report, NHO is already an established affordable and social housing developer in Vietnam and has a track record of developing thousands of social and affordable housing units across multiple sites in Vietnam and, together with EMAHF, they will be contributing the vast majority of capital required to fund the developments.

- (i) For the benefit of new shareholders, can the board clarify the group's role in the set-up? What are the mission-critical contributions by the group in this collaboration with NHO and EMAHF?**
- (ii) How does the group capture value for shareholders in this tie-up?**

For the 1.3ha Binh Duong project, the company contributed an investment of approximately US\$1 million (via Thuan An 2 National Housing Organization Joint Stock Company). The company had also contributed approximately US\$1 million to the new Hai Phong Project via a 8.17% equity stake in Hong Bang 2 National Housing Organization Joint Stock Company. These acquisitions were first announced on 6 Feb 2020 and 2 June 2020 respectively.

The group structure can be seen on page 5 of the annual report. Details of the investments in the associated companies can be found in Note 17 (pages 95 to 98 – Investment in associated companies).

- (iii) Can management provide shareholders with a better understanding of the total land cost and the development cost of all the projects, including the recently announced 1.3ha Binh Duong project?**
- (iv) Please also show the development timeline for each of the projects.**
- (v) In addition, what is the size and price of a typical unit in the affordable and social housing projects?**
- (vi) Can the company help shareholders reconcile the "US\$1 million" investment as noted in the announcement dated 12 August 2020 and the S\$677,000 carrying amount on acquisition date in Thuan An 2 National Housing Organization Joint Stock Company as shown in Note 17 (page 97)?**

- (vii) **With regard to the COVID-19 pandemic, can management help shareholders better understand the situation on the ground in Vietnam, especially in the cities where the group is planning to launch projects?**

Q2. The group has cash and bank balances amounting to \$1.78 million as at 31 December 2020. Net cash provided by operating activities was \$2.49 million, mainly due to the sale of the two units of development properties at Tagore 8 (\$2.5 million).

The group still holds 13 factory units at One Commonwealth as investment properties valued at \$10.36 million and development properties at 8 Tagore valued at \$1.22 million as at 31 December 2020.

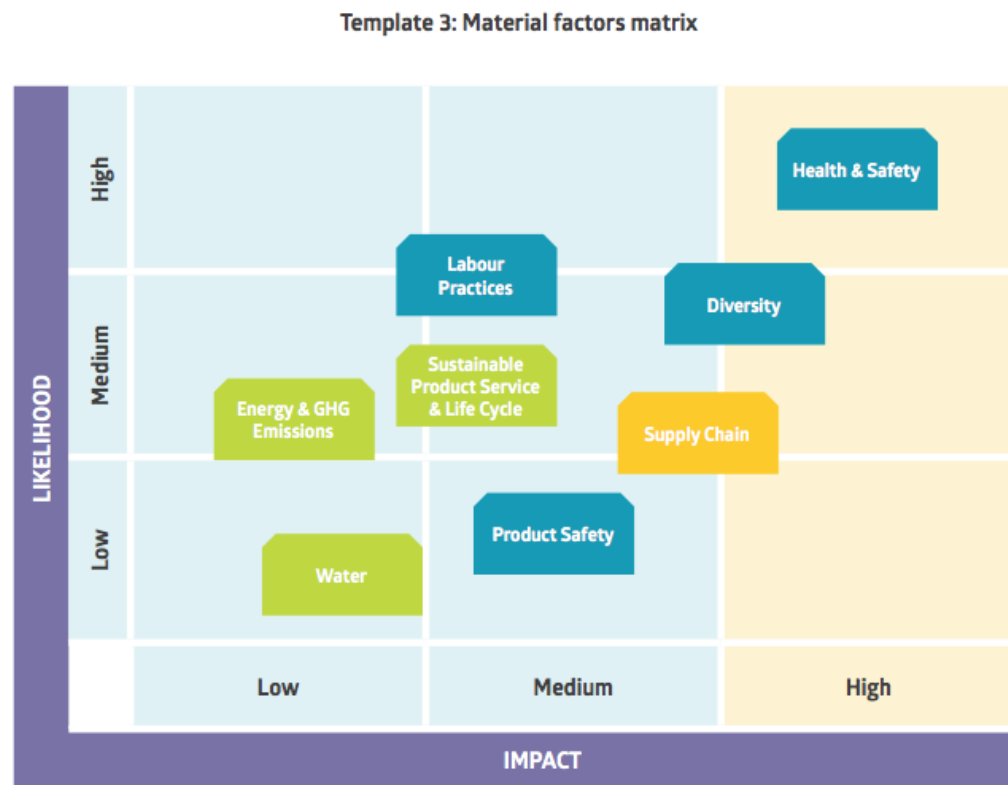
- (i) Rental income in 2020 dropped to \$714,000 from \$1.128 million a year ago. **What was the reason for the drop, other than rental rebate?**
- (ii) **Can management also confirm that all the units at Tagore 8 have been sold (after the reporting period)?**

The group received \$750,000 as a loan from a director and another \$750,000 as a loan from a shareholder in FY2020.

- (iii) **What were the reasons for the loans?**
- (iv) **What is the group's optimal capital structure? Can the board help shareholders understand if the group has the working capital to support its operations and the capital to fund its strategic growth plans?**

Q3. The group’s sustainability report can be found on pages 13 to 29 of the annual report. Specifically, the 10 material topics can be found on pages 20 to 27.

- (i) **Has the board further analysed the material topics and prioritised them according to the importance to external stakeholders and to internal stakeholders in a materiality matrix?** An example based on SGX’s resources on sustainability reporting is shown below:



Source: KPMG

(Source: Sustainability Reporting Guide dated 22 Feb 2018¹)

In particular, one of the material topics that has been identified is anti-corruption (UN Sustainable Development Goals (“SDG”) 16). The company has stated that corruption has been identified as a perceived risk in the business and across the geographies where the group plans to operate. Lapses can result in significant reputational damage and financial liabilities.

- (ii) **Can management elaborate further on how it enforces the group’s “rigid anti-corruption policies”?**

¹ <https://api2.sgx.com/sites/default/files/2018-07/Sustainability%20Reporting%20Guide%20%28220218%29.pdf>

- (iii) **What is the level of board oversight and ownership of the group's anti-corruption policies and efforts?**
- (iv) **What training on anti-corruption has been provided to the employees? Has the board reviewed the effectiveness of the training?**

^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.

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](#)

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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>)