Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: SLB Development Ltd.

Stock code: 1J0

Meeting details:
Date: 28 September 2021
Time: 9.30 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.

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

(i) **On-going projects (page 2):** The group has several on-going development projects, including Riverfront Residences and Affinity @ Serangoon, that are still under construction. **How is the group affected by the manpower shortage due to COVID-19? Are the projects on schedule and on budget?**

(ii) **Thye Hong: Can management elaborate further on the redevelopment plans for Thye Hong? What are the factors/market conditions monitored by management before the decision to proceed with the redevelopment of Thye Hong?**

(iii) **Hexacube:** As at 31 May 2021, the sales status for Hexacube, a commercial property with retail and office units, has been steady at 68.5% since 2018 (page 3). In fact, sales reached 56% in May 2015 and 60% in May 2016. **Can management update shareholders on the possible reasons for the lack of progress in sales over the last 3 years? What is management's strategy to monetise the remaining units to capture the development profits?**

(iv) **Gaobeidian: Can management provide shareholders with an update of the progress in the Gaobeidian project? What is the ground sentiment and the pace of the recovery in Hebei Province? With a minority stake (<10%) in the Gaobeidian project, what is the role of the group in the management of the PRC project?**

(v) **Fund management: Can the board elaborate further on the group's strategy for the fund management business? Has Pinnacle Investment Management Limited performed up to expectation?** It is also noted that group has exited its investment in 32 Real Estate Pte Ltd in July 2021, less than two years after entering into a subscription and shareholders' agreement in December 2019.

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Q2. As noted in the chairman's statement, the group has a healthy balance sheet, with $40.2 million in cash and cash equivalents and a net gearing of **0.68 times**. In Note 36 (pages 124 & 125 – Capital management), it was stated that the group monitors capital using a gearing ratio as defined by total debt divided by total capital plus total debt.

The gearing ratio, as shown on page 125, was calculated to be **0.51 times**.

36. CAPITAL MANAGEMENT (CONT'D)

The Group is in compliance with externally imposed financial covenants as at 31 May 2021 and 2020.

	Group	
	2021 $'000	2020 $'000
Trade and other payables (Note 15)	4,702	1,424
Accruals and provision (Note 16)	6,876	2,955
Amounts due to related companies (Note 11)	2,922	2,943
Amounts due to joint ventures and associates (Note 12)	1,024	774
Amounts due to holding company (Note 17)	33,913	34,000
Amounts due to non-controlling interests (Note 13)	15,002	14,387
Loans and borrowings (Note 18)	158,066	64,629
Less: Cash and cash equivalents (Note 14)	(40,230)	(39,412)
Net debt	182,275	81,700
Equity attributable to the owners of the Company	172,236	158,218
Capital and net debt	354,511	239,918
Gearing ratio	0.51	0.34

(i) **Would the company clarify how it monitors its capital and reconcile the figures of 0.68 times and 0.51 times?** It is observed that the gearing ratio was calculated using net debt and not total debt as stated on page 124.

(ii) **Has the board set a limit to the group's gearing?**

As at 31 May 2021, the group's loans and borrowings increased to $158.1 million from $64.6 million a year ago. This 148% increase could be attributed to the purchase of Thye Hong Centre for $112.5 million, which was 107% of the market capitalisation at the point of purchase.

(iii) **Would the board provide greater clarity on the group's capital allocation for property development, property investment and fund management?**

(iv) **In addition, what is the targeted allocation by geography? How much of the group's capital would be invested outside of Singapore, and in which key markets?**

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Q3. As noted in the corporate governance report, the group has outsourced the independent internal audit function to RSM Risk Advisory Pte Ltd. RSM is a corporate member of the Institute of Internal Auditors ("IIA") and the internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA.

(i) **Can the audit committee clarify if the internal audit plan covered all the joint ventures and associates, including the foreign operations?** As shown in the statements of financial position (page 52), investments in and loans due from joint ventures and associates amount to $152.9 million, out of the group's total assets of $412 million.

(ii) **For FY2021, what was the scope of the group's internal audit workplan?**

(iii) **What are the key findings from the internal auditors?**

^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.

^ 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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