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**Issuer:** Yanlord Land Group Limited

**Stock code:** Z25

**Meeting details:**

Date: 29 April 2021

Time: 2.00 p.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 chairman’s statement, the total property contracted pre-sales of the group together with its joint ventures and associates rose 40.8% to RMB78.455 billion in FY2020. The average selling price achieved for FY 2020 was RMB36,638 per sqm, representing an increase of 23.6% compared to FY 2019.

The key highlights for FY2020 are shown on page 3 of the annual report and the trend in property contracted pre-sales is reproduced below:



(Source: company annual report)

- (i) **How much of a factor is land cost in determining the average selling price achieved by the group?** In FY2020, the average selling price increased by 23.6% from a relative-low FY2019 base. From FY2017-FY2020, the average selling price per square metre has been RMB43,288, RMB36,293, RMB29,643 and RMB36,638 respectively.

The Chinese authorities have responded with a slew of policies to fine tune the real estate industry, including limiting bank lending for real estate and new land-bidding rules designed to control increasing land costs. A centralised land sale policy that limits the number of land sales each year to three in 22 cities has been put in place as well.

- (ii) **What is the impact of the “three red lines” on the industry and on Yanlord?**  
The “three red lines” refer to the limits set by regulators to prevent excessive leverage in developers based on their debt to cash; net debt to equity; and debt to assets ratios. **Is the group able to leverage its strong financial position in the current situation, in a time when other Chinese developers may be affected by the new rules?**

As disclosed, the group replenished a total GFA of approximately 2.32 million sqm of new landbank in the PRC. Approximately 1.65 million sqm of GFA was acquired through public land auctions and collaborations and acquisitions in Shanghai, Nanjing, Suzhou, Taicang, Yancheng, Jinan, Haikou and Wuhan while the balance of 0.67 million sqm acquired through two urban renewal projects in Zhuhai and Zhongshan.

- (iii) **Can management elaborate further on its landbank replenishment strategy?**
- (iv) **Has the pandemic affected the group’s targeted pace of its landbank replenishment?**
- (v) **Are urban renewal projects assessed on factors other than price? Is the group able to leverage its track record to secure urban renewal projects not purely on a price basis?**

**Q2.** In FY2020, the group generated RMB1.139 billion in revenue from property investment and hotel operations, an increase of 24.6% from a year ago. With the acquisition of United Engineers Limited, the group’s investment properties and hotels now account for 22.1% of total asset as at 31 December 2020.

- (i) **Has the integration of United Engineers Limited been completed?**
- (ii) **Have the acquired assets and businesses performed up to management’s expectations?**
- (iii) **With more than 1.5 years of ownership, has management gained new insights into the business, especially the hospitality segment?**
- (iv) **How is the group managing the non-property businesses acquired, namely the technology, engineering and manufacturing segments?**

The group has stated that it will prudently grow the commercial and integrated investment property segment to increase the group’s recurring income base. The group will also benefit from synergy between commercial and residential developments.

**(v) What is the group’s long-term capital allocation strategy for the investment property segment?**

**Q3.** At the 2021 AGM, Ronald Seah Lim Siang and Ng Shin Ein will be retiring by rotation under Regulation 89 of the company’s constitution. As part of the board’s progressive renewal, Ronald Seah Lim Siang and Ng Shin Ein, both appointed in May 2006, have decided not to seek re-election and they will step down from the board at the conclusion of the 2021 AGM.

The biographies of the directors can be found on pages 66 to 71 of the annual report.

The company has also appointed the following directors to the board in the past 2-3 years as part of its progressive renewal:

- Mr. Teo Ser Luck (52), first appointed on February 26, 2020
- Mr. Hong Pian Tee (76), first appointed on September 1, 2018

**(i) Can the nominating committee (NC) help shareholders understand if the non-executive directors (collectively as a group) have the appropriate balance and mix of skills, knowledge, experience, especially in property development and investment in China, to engage in effective and constructive debate with the executive directors?**

The NC has further stated that the sourcing of director candidates may be facilitated, inter alia, through recommendations from reliable sources.

**(ii) Can the NC elaborate further on the “reliable sources” it has used to search for directors in the past 2-3 years?**

**(iii) Has the NC considered how it could further improve its search and nomination process to better support its board diversity policy?**

^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.

^ 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>)

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.**

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