

RESPONSE TO QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The board of directors (the “**Board**”) of Sing Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) has received a few queries from the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s annual report for the financial year ended 31 December 2019 and wishes to provide its responses to the queries from the SIAS as follows:

SIAS Query 1:

In the chairman’s message, it was disclosed that all the apartments in the 735-unit development, Parc Botannia, have each been issued an option to purchase, amounting to sales value of about \$730.6 million (page 4 of the annual report).

Approximately 93% of these options have been exercised. This means that the sale transactions of 7% of the units (approximately 50-55 units) have not been completed. Based on Note 15 (page 79 – Development property), the carrying value of the unsold units amount to \$60.2 million as at 31 December 2019.

The group had already reported that approximately 95% and approximately 99% of the units have been issued options in November 2019 and February 2020 respectively.

- (i) **Can management help shareholders understand the typical length of time given to buyers to exercise the options and to complete the sale?**
- (ii) **Are there delays to the exercise of the options, especially with the uncertainties caused by the pandemic? Has the group experienced significant returns or lapsing of the options for the remaining units?**
- (iii) **What is the impact on the progress of the construction at Parc Botannia due to the COVID-19 pandemic?**

Company’s Response:

- (i) The typical length of time given to buyers to exercise the options is up to 5 weeks from the date of issuance of the options, which is in accordance with the standard Option to Purchase as prescribed under the Housing Developers Rules.
- (ii) There have always been delays in exercising some options, not particularly during the current pandemic, which resulted in these options being lapsed. Of the remaining 7% of the units, about 30% has since exercised the options. The other options are either subsisting, or have lapsed but with buyers expressing interest in writing to repurchase the units after the circuit breaker period. As such, the Company does not expect significant returns of units.
- (iii) With the COVID-19 pandemic, supply chain and workforce have been disrupted due to measures taken globally to combat the outbreak. In Singapore, most construction work

has been suspended and will resume only gradually after the circuit breaker period, and only for critical projects for a start. As such, the Company expects some delay in the progress of construction at Parc Botannia and correspondingly, the timing of profit recognition to be affected. However, the impact of the delay cannot be determined at this juncture.

SIAS Query 2:

The group has one on-going development project (Parc Botannia), an investment property in Australia (291-room, limited service hotel operating as Travelodge Docklands in Melbourne) and 43 light industrial units at BizTech Centre, Singapore.

There appears to be no synergy nor economies of scale among the group's investments/activities.

- (i) **Can the board help shareholders understand if it has developed a coherent growth strategy, including the capital allocation by asset class and by geography?**

In addition, when the group bought the Melbourne hotel in 2016 for A\$107 million (S\$113 million), it had taken out AUD loans amounting to S\$64 million as at 31 December 2017. The hotel had a carrying value of S\$114 million as 31 December 2017 and has slipped to S\$97.3 million as at 31 December 2019.

As shown in Note 12 (page 75 – Investment property), the group has since recognised an impairment loss in the fair value of the hotel amounting to \$(6.64) million as at 31 December 2019 and exchange differences of approximately \$(10.95) million.

Based on the disclosure in Note 22 (pages 83 & 84 – Interest-bearing bank loans), the AUD loans were fully repaid in 2019. In the previous two financial years, the AUD loan amount was S\$43 million as at 31 December 2018 and S\$64 million as at 31 December 2017.

- (ii) **Has the board deliberated on the foreign currency risks of its overseas investments?**

As disclosed in Note 34 (page 102 – Financial risk management objectives and policies: Foreign currency risk), a 5% move in the AUD will lead to S\$5.0 million in the group's other comprehensive income.

- (iii) **Would the board help shareholders understand the reasons for eliminating the natural hedge for its overseas assets?**
- (iv) **Would the board be developing a more robust foreign currency risk management framework before it considers making any other foreign investments?**

Company's Response:

- (i) It has always been one of the Company's strategies to diversify into different segments of the property market, be it in Singapore or overseas. The Company will continue to focus on property development for growth and property investment for recurring income. This is an ongoing process in line with the Company's core businesses.

- (ii) The Board continually deliberates over the foreign currency risks of its overseas investments. For the investment property in Australia, the Group had obtained AUD-denominated loans at the point of acquisition in order to mitigate the foreign currency risks. The Board continued to monitor the AUD/SGD exchange rate movements and made full repayment of the loans when AUD weakened considerably in FY2019 as compared to the time of acquisition. The Board has also established multi-currency credit facilities for the Group which are available for utilisation when deemed appropriate.
- (iii) As mentioned in (ii) above, the AUD/SGD exchange rate fell significantly in FY2019. In addition, funding costs of the AUD-denominated loans were substantially higher than SGD-denominated deposit interest rates. As such, the AUD-denominated loans were fully repaid to reduce the Group's finance costs.
- (iv) The Board has put in place a robust foreign currency risk management framework. It will continue to explore available foreign currency funding options and hedging instruments before it considers making any other foreign investments.

SIAS Query 3:

Dr Joseph Yeong Wee Yong joined the board on 1 January 2020. The profile of Dr Yeong can be found on page 12 of the annual report. Dr Yeong is a member of the audit committee, the remuneration committee and the nominating committee and is considered an independent director.

Until April 2019, Dr Joseph Yeong Wee Yong was a director of Sing Investments & Finance Limited ("**SIF**") for 22 years.

SIF and Sing Holdings Limited share the same controlling shareholder, F.H. Lee Holdings (Pte) Limited. The company's chairman, Mr. Lee Sze Leong, is the managing director and chief executive officer of SIF. Mr. Lee Sze Hao, the managing director and chief executive officer of the company, is the brother of Mr. Lee Sze Leong. Both are directors of F.H. Lee Holdings (Pte) Limited and are deemed to be interested in the shares held by the holding company.

In addition, the independent director, Mr Tan Tong Guan, retired from SIF in April 2014 after serving on SIF for 9 years. Mr Tan Tong Guan was then appointed to the board of Sing Holdings as an independent director on 19 April 2016.

- (i) **Would the nominating committee ("NC") help shareholders understand if it has leveraged on professional search firms when looking for appropriate director-candidates?** Doing so may enable the company to cast its net wider and further improve the diversity of the candidate pool.
- (ii) **Would the NC also help shareholders understand if it is a standard practice of the company to appoint directors who retire from the board of SIF?**
- (iii) **Did the NC consider how the relationships the two above-mentioned IDs have with the substantial shareholders would be perceived by other shareholders?**

Company's Response:

- (i) The NC has not engaged the services of professional firms in its search for director-candidates. Nonetheless, in identifying suitable candidates, the NC takes into

consideration each candidate's qualifications, experience, independence and character as well as the structure and composition of the Board, so as to ensure that the Board has a good balance and mix of skills, knowledge, experience, diversity and core competencies.

- (ii) Selection of directors is based on the merits and suitability of each individual candidate and how the candidate can contribute and enhance the effectiveness of the Board. It is not a standard practice of the Company to appoint directors who retire from the board of SIF.
- (iii) The NC has considered the relationships between the two above-mentioned Independent Directors and the substantial shareholders prior to their appointments. It has deliberated over the independence of each Director and determined that the Directors are independent in conduct, character and judgment. Both Directors continue to exercise independent business judgment in the best interests of the Company and provide objective views and guidance to the Board.

BY ORDER OF THE BOARD
SING HOLDINGS LIMITED

Lee Sze Hao
Chief Executive Officer

Singapore, 18 May 2020