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Issuer: ABR Holdings Limited

Stock code: 533

Meeting details:

Date: 27 April 2023

Time: 10.00 a.m.

Venue: 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881

Q1. In FY2022, the group's revenue experienced a significant increase, reaching \$101.7 million, which is a 36% rise compared to the previous year's \$74.6 million. This increase was largely due to the phased reopening of Singapore and Malaysia amid the pandemic.

A snapshot of the group's performance is shown below:

For the Year (\$'000)

	FY2022	FY2021	Change
Revenue	101,733	74,625	36.3%
Profit Before Tax	2,773	1,136	144.1%
Profit for the Year	2,514	2,002	25.6%
Profit Attributable to Owners of the Company	2,433	2,487	(2.2%)

(Source: company annual report)

- (i) **Can management provide additional information to help shareholders better understand how the company plans to address the “persisting challenge of manpower shortages”? How much productivity gains can be achieved with “effective manpower deployment strategies”?**
- (ii) **What technology solutions has the group implemented to reduce reliance on labour? Has the group undertaken any automation, productivity drives, or process re-engineering initiatives to enhance operational efficiency?**
- (iii) **How has the group been impacted by rising food costs, and what measures has the group taken in response to these cost increases? Have the selling prices been adjusted accordingly?**
- (iv) **Has the company conducted any external brand audits or customer satisfaction surveys for Swensen's and Earle Swensen's?**
- (v) **Are there any synergies between the Chilli Padi group and the group's other businesses in Singapore, considering that all the group's operations, with the exception of Chilli Padi, are Halal certified? What safeguards are put in place to ensure that all relevant processes for the Halal certification are strictly observed?**

Q2. The group completed the acquisition of the Club Street properties on 30 September 2022. The group acquired the properties located at 1, 3, 5, 7 and 9 Club Street for an aggregate consideration of \$25.88 million. The properties are a mix of office and retail space,

with the entire ground floor leased to popular food and beverage operators, whilst the upper floors are offices occupied by corporate tenants.

At the time of acquisition, the current rental yield of the properties is approximately 1.9%.

In the message to shareholders, the company has stated the following (page 3):

In a strategic move, ABR has acquired The Club Street Properties, which currently provides short-term returns for the group but also presents a plethora of opportunities to launch and develop new lifestyle, F&B, and retail concepts in the long term. The prime location of the properties also allows for a flagship property to represent the group's vision and showcase its brands and concepts.

- (i) **Are all units in the Club Street properties currently leased out? Has the group experienced any challenges in collecting rent payments?**
- (ii) The remaining lease term of the properties is 73 years. **How did the directors evaluate the leasehold nature of the properties in the board decision to acquire the properties?**
- (iii) **Given the current interest rates ranging as high as 4-5% and the properties yielding less than 2%, can management elaborate on their long-term vision for the properties, focusing on how it intends to create value for shareholders?**
- (iv) **When do the leases for the ground floor units in the Club Street properties expire? Will management be considering taking over the use of these units to operate as the group's flagship property by then?**

Q3. On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced that it will limit the tenure of independent directors (IDs) serving on the boards of listed issuers to nine years¹. This stemmed from recommendations by the Corporate Governance Advisory Committee (CGAC). There was broad market support for this change during the public consultation carried out by SGX RegCo.

Mr Tan Boon Gin, CEO of SGX RegCo, also noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

- (i) **Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**

¹ <https://www.sgxgroup.com/media-centre/20230111-sgx-regco-caps-independent-directors-tenure-enhances-remuneration>

The company has also deviated from provisions 2.2 and 2.3 of the Code of Corporate Governance 2018 (Code). Provision 2.2 of the Code provides that where the chairman is not an independent director, the independent directors should make up a majority of the board and Provision 2.3 states that non-executive directors should make up a majority of the board.

In addition, the two independent directors were first appointed on 21 August 2003 and will each be completing their twentieth year of service as a director on the board on 20 August 2023.

- (ii) **What progress has the company made in identifying and appointing new directors? Could the NC provide more information on the search and nomination process for new directors?**
- (iii) **Separately, what were the key findings and recommendations from the most recent board evaluation?**

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

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