

Issuer: Global Yellow Pages Limited

Security: Global Yellow Pages Limited

Meeting details:

Date: 26 October 2017

Time: 10.00 a.m.

Venue: 450 Lorong 6 Toa Payoh, Hersing Centre Level 3 (Red Auditorium), Singapore 319394

Company Description

Global Yellow Pages Limited engages in the real estate business in Singapore, New Zealand, and Australia. The company operates through Search, Food & Beverage, and Properties segments. The company invests in, develops, and manages properties; leases non-financial intangible assets; and provides information technology, software consultancy, and supply services. It also publishes various directories comprising Yellow Pages, a print directory with B2B and B2C listings over a range of classifications; Visitors Singapore, a bilingual guidebook for tourists; Yellow Pages Chinese for businesses; and White Pages Business Listings, a business listings directory, as well as various trade directories. In addition, the company operates Internet Yellow Pages, Visitors.sg, Insis.com, and Infocommguide.com portals. Further, it provides database marketing, management, screening, and licensing services; data rental services for direct mail campaigns; and Web design and development, search engine marketing and social media marketing, and video services. Additionally, the company offers integrated business management software to allow businesses for managing accounts, employees, inventory, customers, suppliers, and others on cloud basis. Further, the company offers telemarketing, road shows, events marketing, field sales, and face-to-face marketing services for B2C and B2B clients. Additionally, it operates retail master franchise and supply chain business of the Wendy's brand of ice-cream and treats for the Wendy's store network. The company was formerly known as Yellow Pages (Singapore) Pte Ltd and changed its name to Global Yellow Pages Limited in July 2009. Global Yellow Pages Limited was founded in 1967 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AWS)

Q1. As noted in the Corporate Profile (page 5 of the annual report), the group has diversified into the real estate business, which is now the largest segment by revenue and by total assets. To get a better understanding of the performance and the prospects of the group, shareholders would like to ask the following:

- Pakuranga Plaza redevelopment: Pakuranga Plaza was bought about 2.5 years ago, in May 2015.
- a) **Has management finalised the redevelopment plans of Pakuranga Plaza? If so, please update shareholders with the development plans including major milestones and a detailed timeline. If not, please let shareholders know what has caused the delay and when it is expected to be ready.**
- b) **What is the level of due diligence carried out by the group to ensure that the East Auckland market is ready for such a development?**
- c) **The group's gearing is already at 129%. What is the expected capital investment for the redevelopment of Pakuranga Plaza? How is the group going to fund this?**
- Fair value losses on investment properties: The group has recognised fair value losses of \$(3.2) million in 2017 and \$(3.4) million in 2016.
- d) **Can the company help shareholders understand which asset(s) was impaired?**

Q2. As set out in the Notice of Annual General Meeting (page 118), shareholders' approval is sought to approve the payment of Directors' fees of S\$312,000 for the financial year ended 30 June 2017.

The remuneration bands of directors are shown on page 32 and reproduced below.

Remuneration Band And Name of Director	Fixed Component ⁽¹⁾ %	Variable Component ⁽²⁾ %	Benefits %	Fees ⁽³⁾ %	Total Compensation %
\$250,000 to below \$500,000					
Stanley Tan Poh Leng	92.7%	-	-	7.3%	100.0%
Below \$250,000					
Mah Bow Tan	0.0%	-	-	100.0%	100.0%
Andrew Tay Gim Chuan	0.0%	-	-	100.0%	100.0%
Professor Tan Cheng Han ⁽⁴⁾	0.0%	-	-	100.0%	100.0%
Ng Tiong Gee	0.0%	-	-	100.0%	100.0%
Pang Yoke Min	0.0%	-	-	100.0%	100.0%

(1) Fixed Component refers to base salary earned, annual wages supplement and transport allowance, if applicable, for the financial year ended 30 June 2017.

(2) Variable Component refers to variable bonus paid during the financial year ended 30 June 2017.

(3) Fees include director's fees and professional fees for consultancy services provided.

(4) Professor Tan Cheng Han has resigned as Director on 1 July 2017.

(5) Karin Hattingh and Freddie Tan Poh Chye left the Group in November 2016 and March 2017 respectively.

(6) As result of the sale of 80% interest in eFusion Pte Ltd, Samuel Lim Kok Eng ceased to be part of the Group in May 2017.

(Source: Company annual report)

As shown in the table, all the non-executive directors are paid only director's fees (with no other benefits) and each of the non-executive director received an annual remuneration of below \$250,000.

As shown in Note 39 (page 104), directors of the company have provided consultancy services to the company and received consultancy fees amounting to \$324,000.

- a) Can the board confirm that the consultancy fees amounting to \$324,000 is not included in the amount sought for shareholders' approval as directors' fee (set out as Resolution 4 in the Notice of Meeting)?

On page 114, under Interested person transactions, it is further shown that fees paid for professional services provided by Mah Bow Tan and Andrew Tay Gim Chuan were \$144,000 and \$180,000 respectively. Mr Mah and Mr Tay are independent directors of the company.

- b) For better transparency of the remuneration of independent directors, would the board consider disclosing the individual director's fees received by Mr Mah and Mr Tay?
- c) Please disclose the nature and range of consultancy services provided by each of the directors involved.
- d) Can shareholders understand if the company has entered into a consultancy services agreement/contract with each of the directors? Are the consultancy services still on-going? When would the consultancy services end?

Q3. In the Corporate Governance Report (page 28), under Principle 2, the company has made the following disclosure:

Mah Bow Tan, Ng Tiong Gee and Andrew Tay are considered to be independent for the purposes of the Code. The Board has noted that Andrew is part of the Executive Committee and taking into consideration amongst other things, the instances of constructive challenge and probing of management by Andrew in meetings such as at Board meetings, and the exercise of independent judgment in discharging his duties in the best interest of the Company, the Board is of the view that Andrew should continue to be deemed independent.

Guideline 2.3 of the 2012 Code of Corporate Governance (CG Code) issued by the Monetary Authority of Singapore states that:

An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. ... The Board should determine, taking into account the views of the Nominating Committee ("NC"), whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

In particular, the guideline specifically states that the board has to justify why it considers a director as independent if a director who receives any significant compensation from the company for the provision of services, other than compensation for board service.

- a) To comply with the CG Code, specifically Guideline 2.3, would the board explain why it has deemed Mr Andrew Tay Gim Chuan to be independent in view his provision of consultancy services to the company (of \$180,000 annually)?
- b) To comply with the CG Code, specifically Guideline 2.3, would the board explain why it has deemed Mr Mah Bow Tan to be independent in view his provision of consultancy services to the company (of \$144,000 annually)?