

Issuer: Hanwell Holdings Limited

Security: Hanwell Holdings Limited

Meeting details:

Date: 20 April 2018

Time: 10.00 a.m.

Venue: 348 Jalan Boon Lay, Singapore 619529

Company Description

Hanwell Holdings Limited, together with its subsidiaries, primarily supplies provisions and household consumer products in Singapore, Malaysia, and China. The company operates through two segments, Consumer Essentials Consumer Business and Strategic Investments Packaging. It engages in the marketing and sale of agency lines and proprietary brands; packaging and sale of paper products; and marketing and sale of household and consumer products, such as rice, oil, and detergents. The company also manufactures and sells grass jelly products, soya bean products, and noodles; and corrugated paper boards, corrugated paper cartons, die-cut boxes, assembly cartons, and heavy duty corrugated paper products, as well as consumer and commercial tissue paper products. In addition, it markets and distributes confectionery, snacks, grocery, and beverages products; and washroom hygiene products, such as cleaning agents and dispensers, and baby and adult diapers, as well as distributes automobile cleaning products under the brand names of PetPet, Fitti, Certainty, and MR CLEAN. Further, the company owns and operates a mini-mart chain franchise, a convenience store, and a provision shop. Additionally, it is involved in the property holding, investment, and development activities, as well as in property related activities. The company was formerly known as PSC Corporation Ltd and changed its name to Hanwell Holdings Limited in April 2012. Hanwell Holdings Limited was founded in 1974 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=DM0)

1. In the Executive Chairman's Statement, two critical shifts in the group's business model was highlighted – the closure of the franchise outlets in the group's Consumer Business sector in Singapore and the initial development of the group's e-commerce presence to cater to the tech-savvy millennials as modern FMCG consumer patterns have shifted online.

(i) What is the impact of the closure of franchise outlets on the group's financials?

In the operational review (page 12 of the annual report), Tipex is said to be venturing into the online arena to expand its "customer base through the provision of a convenient 24-hour shopping experience and home delivery service".

(ii) Can management further clarify its e-commerce strategy? Specifically, given the head-start by the online-only supermarkets, what is the group's strategy to compete against these disruptors and the big supermarket chains who have followed them online earlier?

(iii) Does the group have the range of products to attract customers to make purchases?

(iv) How much investment will the group make to support its e-commerce ventures?

2. The valuation and classification of asset held-for-sale is a key audit matter highlighted by the auditors in their Independent Auditors' Report. Key audit matters are those matters that, in professional judgement of the Independent Auditors, were of most significance in the audit of the financial statements of the current period.

As noted in the Independent Auditors' Report, the group entered into a sales and purchase agreement to dispose its entire interest in Million Cube Limited for a consideration of HKD307 million. The completion of transaction was extended several times since 31 December 2014. As at 31 December 2017, the Group has received HKD200 million, or 65% of the agreed sale consideration.

(i) Can the board update shareholders on the reasons for the delay?

(ii) What is the financial status of the buyer?

(iii) Who is leading the discussion/engagement with the buyer? Based on the group's current understanding, what is the earliest possible date that the buyer can complete the transaction?

(iv) What is the fair value of the golf resort invested in by Million Cube as determined by the independent external valuers?

3. In the Executive Chairman's Statement, the chairman recognised the board making time and effort to build the group's business to great heights and extended his sincere appreciation to the board.

The attendance of the Executive Chairman at scheduled meetings of the board in the past years is shown below:

Board and Board Committees Meetings held in Financial Year 2017

The attendance of the Directors at scheduled meetings of the Board and Board Committees during financial year ended 31 December 2017 is disclosed below:

| | Board | Board Committees | | | |
|--|----------|------------------|------------|--------------|-----------------|
| | | Audit | Nominating | Remuneration | Risk Management |
| Number of scheduled meetings held | 4 | 4 | 1 | 1 | 1 |
| Name of Directors | | | | | |
| Allan Yap | 2 | 2* | - | - | - |

(Source: Company annual report 2017)

Board and Board Committees Meetings Held in Financial Year 2016

The attendance of the Directors at scheduled meetings of the Board and Board Committees during financial year ended 31 December 2016 is disclosed below:

| | Board | Board Committees | | | |
|--|----------|------------------|------------|--------------|-----------------|
| | | Audit | Nominating | Remuneration | Risk Management |
| Number of scheduled meetings held | 4 | 4 | 3 | 2 | 1 |
| Name of Directors | | | | | |
| Allan Yap | 1 | 1* | - | - | - |

(Source: Company annual report 2016)

Directors' Meetings Held in Financial Year 2015

The Board held four (4) meetings during the financial year. The number of meetings attended by each member of the Board during the financial year is as follows:

| Name of Director | Number of Board Meeting attended |
|-------------------------|---|
| Allan Yap | 2 |

(Source: Company annual report 2015)

- (i) **Would the executive chairman help shareholders understand if there were extenuating circumstances that led him to miss 7 out of the 12 scheduled board meeting in the past 3 years?**
- (ii) **How can the company, the company secretary and the directors improve the scheduling of board meetings so that the attendance of all directors can be improved?**
- (iii) **The chairman is also the executive chairman and CEO/executive director of 5 other listed companies. Would that be a reason for the attendance rate of the executive chairman**

- (iv) **How did the nominating committee (NC) review and evaluated the executive chairman? What were the NC's deliberations in deciding whether a director is able to and has been adequately carrying out his duties as director of the company based on internal guidelines such as attendance, contractibility (sic) and responsiveness?**