Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Yeo Hiap Seng Limited

Stock code: Y03

Meeting details:
Date: 11 May 2020
Time: 10.00 a.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.

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Q1. The group has smoothly transitioned into the new leadership of Mr. Ng Win Kong Daryl as board chairman and Mr. Samuel Koh Chee Boon as Group CEO. As noted in the chairman's statement, the group made further progress with several new collaborations, including:

- Bottling of Kickapoo brand carbonated drinks and American brand mixers for distribution in 5 markets;
- Distribution of Dutch Lady products in Singapore;
- Supply Oatly with oat milk products in the region.

The current multi-year strategic plan has a thematic focus on targeted product categories of Asian Drinks, Soy, Ready-to-drink Tea, Carbonated Drinks and Food, as well as on the Cambodia market as a whole.

(i) **Would the new leadership be finetuning the strategic direction of the group to leverage its rich history so as to improve and sustain its profitability in its core F&B business?**

(ii) **For the benefit of new and long-standing shareholders, would the board help shareholders recall the group's vision and mission?**

(iii) **In addition, what is the group's brand awareness and market share in Cambodia? Why was Cambodia picked as a growth market? What is the group's competitive advantage in Cambodia?**

Q2. In FY2019, net profit attributable to equity holders of the company increased by 47% to $17.7 million, up from $12.0 million in FY2018.

Based on Note 6 (page 114 – Other gains), it can be seen that the group's FY2019 profit was boosted by the following items:

- Gain on disposal of property, plant and equipment: $13.7 million
- Gain on disposal and fair value gains on financial assets: $3.6 million
- Fair value gains on investment properties (net): $2.4 million

These 3 items recognised as "Other gains" add up to $19.7 million.

The group has a healthy balance sheet with cash and cash equivalents of $295.8 million and no borrowings as at 31 December 2019. Total equity attributable to owners of the company stood at $616 million and $633 million as at 31 December 2019 and 2018 respectively.

(i) **Has the board/management calculated the group's profitability measures, such as the return on assets, return on invested capital and return on equity?**

(ii) **What is the group's cost of capital?**

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(iii) **Would the board be evaluating the group's capital structure given the growth trajectory and investment opportunities so as to maximise shareholders' value?**

Q3. At the 64th annual general meeting of the company scheduled to be held on 11 May 2020, the company is proposing the payment of $1,054,692 as directors' fees for the financial year ended 31 December 2019.

The fee structure of non-executive directors is shown on page 26 of the annual report while the actual fees paid to each director is shown on page 28.

It is noted that Mr. Ng, as the non-executive chairman, has waived his right to receive any Director's fees due to him effective from the date of his appointment and for subsequent financial years while holding office as a Director of the Company.

(i) **Has the company carried out any benchmarking of the director fees?**

(ii) **On the basis that the group has a full time CEO and a chairman, can the board help shareholders understand the roles and responsibilities of the Deputy Chairman?**

(iii) In addition, a fee of $60,000 is paid to a director for the appointment as the chairman of YHS (Singapore) Pte Ltd, the company's wholly-owned subsidiary. **Can the board clarify on the need for a separate director of the wholly-owned subsidiary? What are the roles and responsibility of the chairman of the subsidiary?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

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

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)

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