



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: Hoe Leong Corporation Ltd.

Stock code: H20

Meeting details:

Date: 29 April 2022

Time: 2.00 p.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.

Q1. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

- (i) **Kunshan:** How is the group's operation at Kunshan City affected during the latest wave of COVID-19 infection in China? Are there significant manpower and supply chain disruptions? In addition, what is the floor space/manufacturing capacity of the new facility in Bachen Town?
- (ii) **South Korea:** Can management also provide shareholders with a better understanding (including technical capacity, capacity, utilisation rate) of the KCT manufacturing facility in Gyeongnam, South Korea?
- (iii) **Profitability:** Gross profit margin fell from 18.7% to 15.5% in 2021 due to increases in raw material prices. Similarly, distribution expenses increased significantly from \$3.1 million to \$4.3 million due to increases in freight costs. **Is the group able to pass on cost increases to its customers? What are the pricing strategies for new contracts that the group enters into?**
- (iv) **Revenue:** For the benefit of shareholders, can the board provide shareholders with a breakdown of revenue by products and by brands? What was the reason for the significant increase in orders by customers from North America?
- (v) **Economic recovery:** How will the re-opening of economies and the high commodity prices benefit the group?
- (vi) **Competitive advantage:** Can management elaborate further on the group's business model, including the value proposition of its in-house brands such as KBJ and MIZU?

Q2. Trading of the company's shares on SGX mainboard resumed on 25 June 2021. This came nearly 2 years after the trading of the company's shares were suspended on 2 September 2019.

On 25 March 2022, Shing Heng Holding Pte. Ltd. ("SHHPL") converted its \$3 million convertible loan note and exercised \$7.2 million of the option. On the same day, a \$0.8 million convertible bond was converted by United Overseas Bank Limited into shares.

- (i) **Can management provide an update of the group's financial position to shareholders at the AGM following the conversions by SHHPL and UOB?**
- (ii) **Specifically, what is the level of cash and the debt-to-equity ratio following the conversions?**

In Note 23 (page 106 - Financial instruments: Liquidity risk), it is shown that the group has contractual maturities 1 year or less amounting to almost \$20 million.

The following are the remaining contractual maturities of non-derivative financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	1 to 2 years \$'000	2 to 5 years \$'000	More than 5 years \$'000
Group						
31 December 2021						
Secured loans	11,613	(12,270)	(6,578)	(3,390)	(1,158)	(1,144)
Unsecured bank loan	4,970	(5,271)	(857)	(1,563)	(2,851)	–
Invoice financing	3,106	(3,106)	(3,106)	–	–	–
Lease liabilities	660	(664)	(477)	(187)	–	–
Trade and other payables	8,668	(8,668)	(8,668)	–	–	–
	29,017	(29,979)	(19,686)	(5,140)	(4,009)	(1,144)

(Source: company annual report; emphasis added)

- (iii) **Can management elaborate further on the liquidity position in view of the contractual maturities 1 year or less amounting to \$19.7 million?**

Q3. At the annual general meeting scheduled to be held on 29 April 2022, Mr Liew Yoke Pheng Joseph will be retiring pursuant to regulation 98(2) of the constitution of the company and will be seeking his re-election. The profile of Mr Liew Yoke Pheng Joseph can be seen on page 4. Additional information on directors seeking re-election can be found on pages 122 to 126.

Mr Liew Yoke Pheng Joseph was appointed as executive director on 23 October 2019 and was appointed as chief executive officer (“CEO”) and executive chairman on 25 October 2019 and 1 November 2019 respectively. His appointments were ratified in an extraordinary general meeting on 4 September 2020.

Mr Liew Yoke Pheng has also disclosed the following as his directorships in other listed companies and other principal commitments:

- Grand Venture Technology Limited
- Tianjin Zhong Xin Pharmaceutical Group Corporation Limited
- Independent Director, Lew Foundation
- Treasurer, Char Yong (Dabu) Foundation

- (i) **Can the board/director help shareholders understand if Mr Liew Yoke Pheng Joseph is committing 100% of his (working) time to the group as the executive chairman and CEO? What are the time commitments from his other appointments? How much (working) time does he spend away from matters of the company?**

- (ii) It is noted that Mr Liew Yoke Pheng Joseph also sits on the board of Grand Venture Technology Limited (as lead independent director) and Tianjin Zhong Xin Pharmaceutical Group Corporation Limited. **As the executive chairman and CEO, how relevant are his directorships on other listed boards? Does the current arrangement benefit the group by having its executive chairman and CEO sit on other listed companies as an ID?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)