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: OTS Holdings Limited

Stock code: OTS

Meeting details:
Date: 29 October 2021
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.

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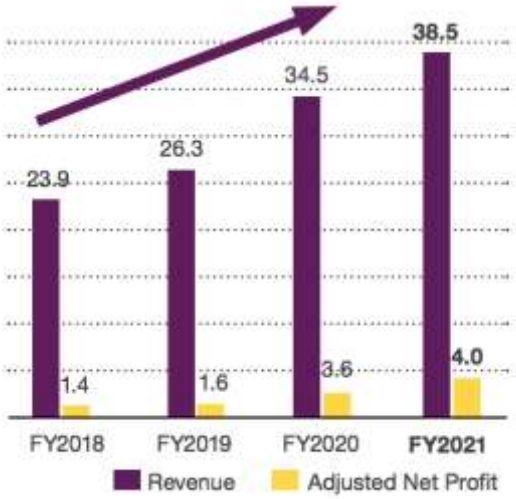
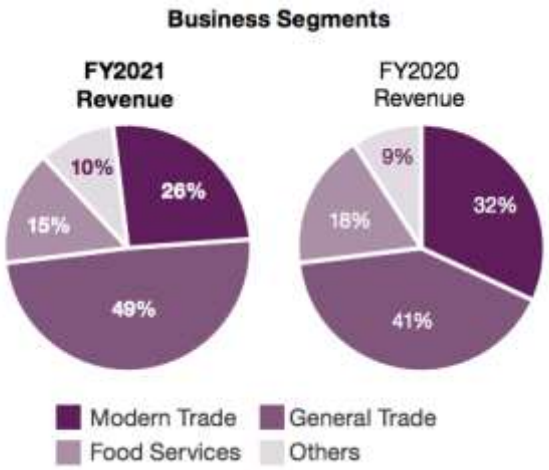
Q1. For the financial year ended 30 June 2021, revenue for the group continued its upwards trajectory and hit $38.5 million. The 34.1% increase in revenue (or $4.8 million) from the general trade segment more than offset the 10.2% decrease in revenue ($1.1 million) from the modern trade segment (page 9 – Financial review; page 65 – Financial information by operating segments).





	2021 $'000	2020 $'000
Revenue by segment:		
Modern Trade ("**MT**")	9,851	10,964
General Trade ("**GT**")	18,897	14,090
Food Services ("**FS**")	5,916	6,097
Others ("**OT**")	3,842	3,384
Total	38,506	34,535

(Adapted from company annual report)

(i) **Can management help shareholders understand the reasons for the difference in profit margin between the two segments?** Segment profit before tax (page 66) from the Modern trade and General trade segments amounted to $585,000 (~5.9%) and $1,525,000 (~8.1%).

(ii) **With the easing of stockpiling by major supermarkets, what are the normalised growth rates of the two segments going forward? Would it be reasonable to expect that two segments grow at approximately the same pace? If not, please help shareholders understand the reasons for the difference in growth rates (e.g. increasing penetration of convenience stores and provision shops)?**

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In addition, revenue from Malaysia increased 63% to $12.1 million in FY2021 while revenue in Singapore dipped slightly. The group has stated that the business activities in Malaysia have been gaining more momentum, and there are increases in product sales to new and existing customers.

4. Financial information by operating segments (cont'd)

4E. Geographical information

	2021 $'000	2020 $'000
Revenue		
Singapore	24,513	25,486
Malaysia	12,119	7,433
Others	1,874	1,616
Total	38,506	34,535

(Source: company annual report)

(iii) **Similarly, can management help shareholders understand the underlying reasons for the strong performance in Malaysia? How sustainable is the growth?**

(iv) **How much of the group's revenue could be attributed to halal food products?**

(v) **Can management provide examples of high margin products in the group's product line?** It was mentioned in the annual report that the group has redirected its focus on "higher margin products" (page 9: Financial Review).

(vi) **Plant-based food products: How large is the in-house research and development team? Does the team have any experience with plant-based food products? What is the progress made in the R&D of plant-based food products? How many new plant-based products does the group intend to launch in early 2022?**

Q2. The group successfully raised net IPO proceeds of approximately $6.56 million and $2.5 million has been earmarked to fund the expansion into the Philippines.

(i) **Can the group help shareholders understand the level of commercial due diligence carried out by the board and by management in deciding to expand to the Philippines? How similar is the Filipino consumer to consumers from its key markets of Singapore and Malaysia? What is the level of understanding of the taste and preference of the consumers in the Philippines?**

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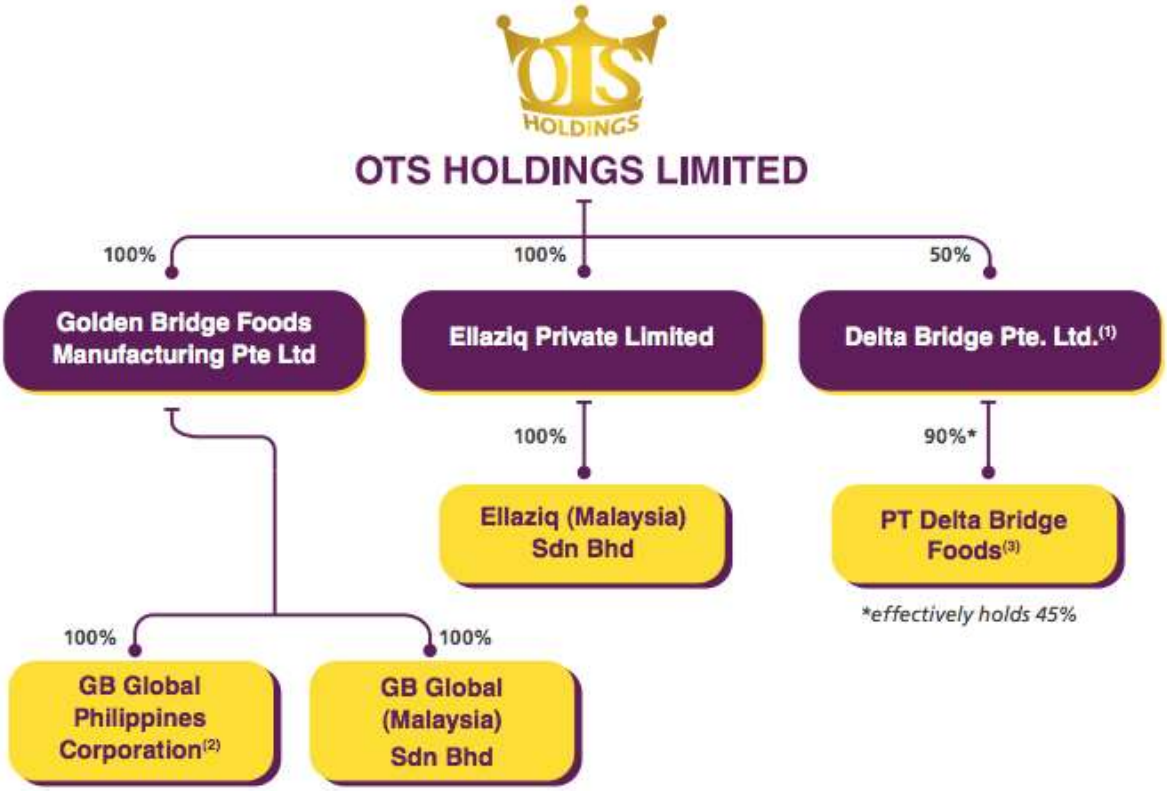
(ii) **Can management elaborate further on the market entry strategy?** It does not appear that the management team has experience running any business in the Philippines. **Would the group be introducing new products targeted at the Filipino consumers?**

(iii) **Does the group intend to enter China in the near term?**

Q3. The group holds an effective 45% stake in PT Delta Bridge Foods through its 50% owned joint venture company Delta Bridge Pte. Ltd. (page 16 – Corporate structure; reproduced below).



(Source: company annual report)

In the footnote, the company stated that the group does not have control over, including control over the board of directors of, both Delta Bridge Pte Ltd. and PT Delta Bridge Foods.

(i) **Can the board clarify the group's level of influence and control over the Indonesian associated company? How are operational and strategic decisions made by PT Delta Bridge Foods?**

(ii) **What is the size of the management team in PT Delta Bridge Foods?**

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(iii) **How does the group value-add to PT Delta Bridge Foods?**

(iv) **Can the audit and risk management committee (ARMC) confirm if PT Delta Bridge Foods is included in the company's internal audit?**

^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)