



Securities Investors Association (Singapore)

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Meeting details:

Date: 28 July 2021

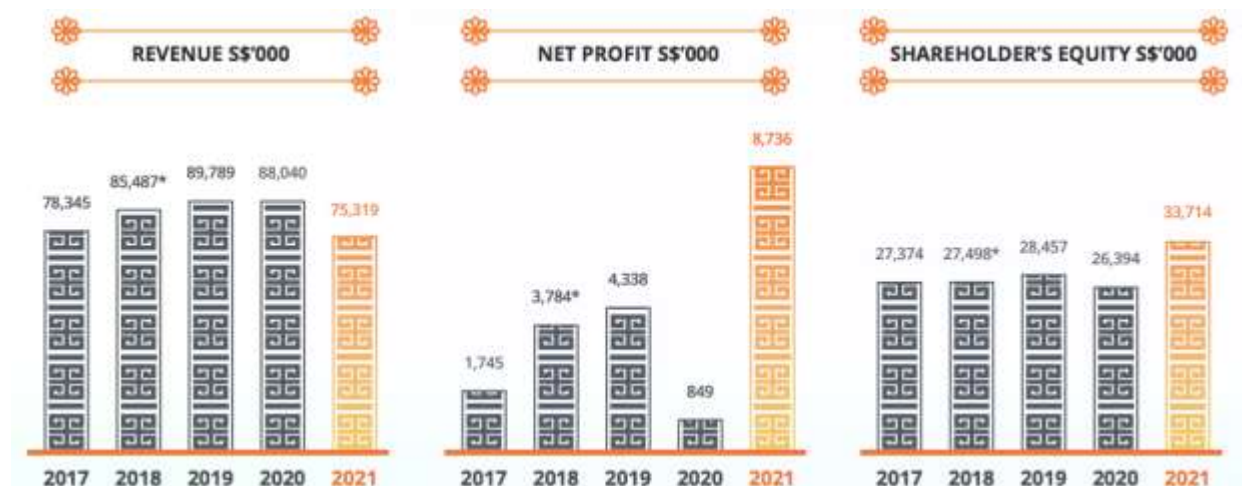
Time: 2.00 p.m.

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.

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

- (i) **Retail:** As at 31 March 2021, the group operated a network of 92 outlets in Singapore as compared to 89 and 86 outlets as at 31 March 2020 and 31 March 2019 respectively. As disclosed on page 5, the group's retail revenues remain below pre COVID-19 levels due to various social distancing measures put in place, resulting in operational losses for some of the retail outlets. Revenue from retail outlets decreased by approximately \$22.2 million or 26.4% in FY2021. **Can management help shareholders understand the reasons for more outlets (as at 31 March 2021) given the challenges in the retail segment? What changes have the group made to its retail strategy? Are there changes to the store format and its product range?**
- (ii) **Product offerings:** Has management evaluated the shift in food consumption trends towards healthier diet, and possibly also towards plant-based options? For instance, the Health Promotion Board runs the "Healthier Choice" and "Healthier Dining Programme" to enable Singaporeans to make healthier dining choices easily.
- (iii) **Catering:** How sustainable is the growth in corporate catering orders (including dormitory orders) once the COVID-19 measures are gradually ease away as the economy re-opens?
- (iv) **Overseas expansion:** The group had operated in Perth and London since 2012 and 2018 respectively. In Note 15 (pages 109 to 110 - Investment in associates and joint venture), it is noted that the group's cumulative share of unrecognised losses was \$(530,000) and \$(945,000) for the associate and for the joint venture respectively. The group has fully impaired its investments in the associate and in the joint venture. In addition, it has also fully impaired the amounts due from the associate and joint venture. **Can the board provide shareholders with greater clarity of the long-term prospects of its overseas expansion?**

Q2. The financial highlights can be found on pages 14 and 15 of the annual report. A snapshot of the group's revenue, net profit and shareholder's equity is reproduced below:



(Source: company annual report)

For FY2021, despite the challenges brought on by the pandemic, the group reported a net profit of \$8.7 million. In fact, from FY2010 to FY2020, the group's net profit ranged from \$0.85 million to \$6.0 million, averaged \$3.9 million¹. The group's profit was boosted by the following government grants (page 98 – Note 5: Other income):

Job Support Scheme (JSS)	\$4,757,000
Property tax rebate:	\$746,000
Others	\$482,000
Wage Credit Scheme	\$235,000
Special Employment and Temporary Employment Credit	\$218,000

It is also observed that while salaries and bonuses (which included payments to directors) were fairly stable at \$22.5 million in FY2021 compared to \$22.7 million in FY2020, Central Provident Fund payments (mostly for rank and file employees) dropped by nearly a quarter from \$3.31 million to \$2.55 million.

On page 130 (Note 33 - Related party transactions), it can be seen that the remuneration for directors increased by \$2.71 million to \$5.50 million in FY2021, an increase of 97% from \$2.79 million in FY2020. Further on page 46, it can be seen that the executive directors received between bonuses of between 55% and 67% (table shown below). The bonus ranged from at least \$837,500 to \$1.24 million each, totaling at least \$3.055 million for the three executive directors.

¹ Including FP2012 which comprised 15 months, from 1 January 2011 to 31 March 2012

As noted earlier, the group received \$4.76 million in government grants under the JSS which was introduced to provide wage support to employers to help them retain their local employees during the period of economic uncertainty.

Table 8.1(a) – Directors' and CEO's Remuneration

Name	Fixed Remuneration ⁽¹⁾ (%)	Performance Bonus ⁽¹⁾ (%)	Directors Fees (%)	Benefits-in-kind (%)	Total (%)
Band X: Between S\$2,250,001 to S\$2,500,000					
Han Keen Juan	44	55	-	1	100
Band VIII: Between S\$1,750,001 to S\$2,000,000					
Lim Tao-E William	43	56	-	1	100
Band VI: Between S\$1,250,001 to S\$1,500,000					
Chow Hui Shien	32	67	-	1	100
Band I: Below S\$250,000					
Tan Han Beng (Chen Hanming)	-	-	100	-	100
Audrey Yap Su Ming	-	-	100	-	100
Hawazi Bin Daipi	-	-	100	-	100

Notes:

1. Fixed remuneration and performance bonus include employer's contribution to Central Provident Fund ("CPF").

(Source: company annual report)

- Can the remuneration committee (RC) help shareholders understand the key performance indicators used to measure the performance of the executive directors?**
- Given that the group's extraordinary profit of \$8.7 million was boosted by government grants amounting to \$6.4 million (including \$4.76 million in JSS), has the RC considered it necessary to exclude the government grants in the bonus calculations of the executive directors?**
- Would the RC be reviewing the bonuses for the executive directors?**

Q3. The board has six members, of which three are independent and three are executive directors. In fact, as disclosed in the annual report, the executive director and chief executive officer, Mr Lim Tao-E William, is the nephew of Mr Han Keen Juan, the executive chairman while the executive director and deputy chief executive officer, Ms Chow Hui Shien, is the niece of Mr Han Keen Juan and cousin of Mr Lim Tao-E William.

The board has deviated from the Provisions 2.2 and 2.3 of the Code of Corporate Governance 2018 which require independent directors to make up a majority of the board when the chairman is non-independent and for non-executive directors to make up a majority of the board.

- (i) **How did the board carry out the assessment and is satisfied that the “independent directors lend a strong voice to ensure objective independent decision making by the board”?**
- (ii) **On what basis did the board justify that there are adequate checks and balances to ensure objective and independent decision making without excessive influence by the executive directors and management?**

Listing Rule 710 of the SGX Listing Manual requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018, the provision from which it has varied, **the reason for the variation**, and the explanation(s) on how the practices it had adopted are consistent with the intent of the relevant principle [emphasis added].

- (iii) **What are the underlying reasons for deviating from Provision 2.2 and 2.3? Please elaborate further on and justify how the current board has an appropriate level of independence and diversity of thought and background composition to enable it to make decisions in the best interests of the company.**

In addition, as shown on page 25, all three executive directors attend the board committee meetings by invitation, making the board committee meetings essentially the same as board meetings.

- (iv) **Can the independent directors help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings? Are the independent directors able to function independently in the board committees?**
- (v) **What is the group dynamics at the board committee meetings when the independent directors on the board committee may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on interested party transactions, performance assessment, remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.

- (vi) **Do the executive directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from board meetings?** In particular, the Code of Corporate Governance 2018 specifically exclude executive directors from the remuneration and audit committees.

^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](http://www.sias.org.sg)

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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>)