

SERVING UP GOOD NESS



YEO HIAP SENG LIMITED
ANNUAL REPORT 2020

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CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS

I hereby present my annual report to shareholders.

2020 has been a year of special meaning for Yeo Hiap Seng Limited ("Yeo's").

In 2020, Yeo's celebrated its 120th anniversary, underwent a Group CEO transition smoothly and steadily navigated an unprecedented global pandemic and health challenge.

Throughout its rich 120-year history, Yeo's has faced numerous tests and challenges with a pioneering spirit, and has always risen to challenges and emerged more revitalised. It will for sure be the case again this time. We shall continue to closely monitor the situation, stay vigilant while innovating to enhance our capabilities and build equity in markets.

For the financial year ended 31 December 2020, the Group recorded a revenue decline of 10.3% to S\$321.9 million and a net loss of S\$10.0 million. Management is responding to the challenges and taking prompt, necessary actions. Our responses to these unprecedented challenges are grounded in Yeo's mission – to provide our customers with high-quality products through constant pursuit of innovation and excellence. Notably, the Group posted significantly better performance in the second half of 2020 compared to the first half. Net loss in the second half significantly narrowed, and Yeo's core food and beverage sales for the second half was in line with the corresponding period the year before, despite the headwinds brought about by COVID-19. This attests to the traction gained with the strategies that the management, under Samuel Koh's ("Group CEO") leadership, has been putting in place.

RESILIENCE FROM A STRONG BALANCE SHEET

Importantly, the Group maintained a strong balance sheet with cash and cash equivalents of S\$264.2 million and no borrowings as at 31 December 2020. This enabled the Board to declare a final dividend of S\$0.02 per share with a scrip dividend option for approval at the forthcoming annual general meeting. The Group's robust balance sheet will enable us to steer firmly through this pandemic and maintain a position to invest for growth.

GROWTH THROUGH INNOVATION – A '120-YEAR-OLD START-UP'

We seek to be a leading Asian company bringing innovative food and beverage products with natural goodness to our consumers. We are proud of our 120-year history; meanwhile, we appreciate that continuous innovation is key to unlocking growth and value for Yeo's. To achieve that, the organisation has adopted a '120-year-old Start-up' mindset so that we can embrace change and drive innovation.

NEW PRODUCT INNOVATION IS A CRITICAL VALUE DRIVER

Health and Wellness is an important focus for the Group and we are taking significant steps on this front. For example, in 2020, we introduced new options of our flagship Chrysanthemum Tea as part of our strategy to build a Chrysanthemum Tea Range. With the new options of reduced sugar, no sugar, with-honey and with-wolfberries, we provide lower-sugar alternatives as well as beverages with health and wellness benefits for our consumers. These new products, in more modern and appealing packages, resonate across age groups, especially with the younger demographics and have led to share gain and sales growth.

CHAIRMAN'S MESSAGE

STRATEGIC PARTNERSHIP WITH OATLY, AND INNOVATIONS

We have teamed up with Oatly, one of the world's most respected plant-based milk companies, becoming their first supply partner outside Europe. In this strategic partnership, we will start producing for Oatly oat milk products at our Singapore manufacturing facility and supplying to Oatly's markets across Asia from the second quarter of 2021. This strategic partnership is a testament to Yeo's unwavering commitment to manufacturing standards and high standing in the food and beverage industry in Asia. This strategic partnership will be value-accretive to our business by providing Yeo's with another growth driver in the fast-growing plant-based milk segment, and it complements our leading position in the soy milk segment.



Latest generation of TetraPak equipment for packing of Oatly products installed in Senoko plant

On the digital front, we have been working on several innovations. This includes an exclusive collaboration in China with an e-commerce platform on our highly popular water chestnut beverage 马蹄爽. The special-edition product has been very well received, and helps to raise our brand awareness and expand our digital distribution footprint.

With our new management team and staunch support from our colleagues, I am confident that Yeo's will accelerate innovation and reinforce its position as one of the leading food and beverage brands in the region.

PROTECTING AND ENGAGING OUR PEOPLE

People are our greatest asset, and ensuring the safety and well-being of our employees as well as increasing our employee engagement are our priorities. We have proactively implemented measures to mitigate the risk of COVID-19 in the workplace. At the same time, the management team has stepped up engagement with our employees via frequent town-halls, skip-level meetings and employee surveys.

CORPORATE SOCIAL RESPONSIBILITY – SERVING OUR COMMUNITIES

At our core, we believe it is our responsibility and privilege to serve the communities we operate in. Yeo's continually seeks ways to contribute meaningfully and make a positive impact on our communities. Our corporate social responsibility is also an integral part of our ESG strategy.

We remain committed to serving the communities and the less resourced through collaboration with community partners and supporting worthy causes.

In 2020, we donated close to one million packs of beverages to our communities through various programmes.

In February 2020, we donated more than 12,000 bottles of Yeo's Chrysanthemum Tea and Longan Red Date Tea to Tan Tock Seng Hospital, National Centre for Infectious Diseases, Singapore General Hospital, Changi General Hospital and Sengkang General Hospital to extend appreciation to medical teams in Singapore. In addition, we delivered 72,000 cans of beverages to residents of worker dormitories from Alliance of Guest Workers Outreach along with



(L-R) Chrysanthemum Tea less sugar, Chrysanthemum Tea no sugar, Chrysanthemum Tea with honey, Chrysanthemum Tea with wolfberry, Pink Dolphin vitaminised blackcurrant flavour drink, H-Two-O original isotonic drink

CHAIRMAN'S MESSAGE

more than 120,000 cans to healthcare workers, as part of on-going COVID-19 relief efforts.

In Malaysia, we contributed close to half a million packs of Yeo's food and beverages through donating to Sungai Buloh Hospital's medical team in Selangor as well as undertook sponsorships for the food bank programme under the Ministry of Domestic Trade and Consumer Affairs, the Royal Malaysia Police, and Bomba Selangor, part of Malaysia's Fire and Rescue Department.

In Hong Kong, we partnered with the Ng Teng Fong Charitable Foundation ("NTFCF") to donate more than 76,000 cans of Yeo's nutrition drinks to 19 hospitals of the Hong Kong Hospital Authority.

We also collaborated with the NTFCF on the X19 Authentic Fine Herbal Tea ("X19") for frontline workers in Singapore. This special herbal blend has been developed by Yeo's research and development team, in consultation with traditional Chinese medicine practitioners, within a short span of a few months. It features a combination of six carefully selected herbs, each recognised for their unique characteristics and widely used in traditional Chinese medicine

to improve overall wellness. Yeo's and NTFCF donated more than 68,000 cans of X19 to 25 hospitals and polyclinics, and to other frontline workers including taxi drivers and staff of People's Association in Singapore.

OUTLOOK

In the near term, COVID-19 will continue to weigh on our business. That said, with vaccination programmes being rolled out in Singapore and many countries, along with the new management team, strong teamwork, a robust balance sheet, clear strategy and focused execution, I am confident that Yeo's will continue its growth into a leading and innovative Asian food and beverage company by working together.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Group, I would like to extend a warm welcome to Mr William Peter Adamopoulos and Mr Jonathan James Yong Ze Ng as Non-independent & Non-executive Directors, and Mr Mohamad Halim Bin Merican as an Independent & Non-executive Director. Their rich industry experience and wealth of knowledge will add diversity and depth to the Board.

I would also like to thank Dato' Mohamed Nizam bin Abdul Razak, who retired from the Board during this financial year, for his dedication and counsel to the Group over the past 19 years, including as an independent non-executive director of Yeo Hiap Seng (Malaysia) Berhad for 13 years until its privatisation on 11 January 2013.

I am also grateful to Mr Chin Yoke Choong for his many years of devotion and guidance to the Group since 2006. Mr Chin has served as Chairman of the Audit & Risk Committee since 23 February 2016 and was a member of the Nominating Committee from 27 April 2017 to 16 May 2019. Mr Chin will retire from the Board upon the conclusion of the forthcoming Annual General Meeting.

I would like to extend heartfelt appreciation to our management and staff for their dedication and hard work. I am thankful to our customers, suppliers, business associates and shareholders for their steadfast support. Last but not least, I express my gratitude to my fellow Board members for their wise counsel and contributions throughout the year.

NG WIN KONG DARYL
Chairman



X19, an authentic fine herbal tea, is specially brewed with 6 carefully selected TCM herbs including coastal glehnia root (北沙参), common selfheal spike (夏枯草). Yeo's and Ng Teng Fong Charitable Foundation came together to develop X19 as part of an initiative to support the healthcare professionals and frontline workers.

GROUP CEO'S MESSAGE



DEAR SHAREHOLDERS

I am honoured and humbled to serve Yeo Hiap Seng Limited ("Yeo's") as Group CEO with effect from 14 March 2020. Yeo's is a company with rich heritage and a long history of 120 years. Throughout Yeo's history, it has shown innovation, an entrepreneurial spirit and a dedicated focus on serving up goodness to its consumers and communities.

I will continue to work with the Board and my colleagues to steward this business and accelerate its transformation and growth.

PURPOSE, VISION AND STRATEGIES

While COVID-19 impacted our business in 2020, we remain focused and committed to pursuing our purpose and long-term vision for Yeo's.

Our purpose is to nourish every home with natural goodness across generations.

Our vision is to be the leading Asian company in bringing innovative food and beverage products with natural goodness to our consumers.

To bring our vision to life, we have set out the following key strategic pillars:

GROWING YEO'S CORE FOOD AND BEVERAGE BUSINESS

Yeo's Core Food and Beverage business, such as our Tea (Chrysanthemum Tea) and Plant-based milk segment (Soy), offers us leading positions in these growing food and beverage segments and stronger margins. As such, we will focus on continuously innovating and growing our Yeo's Core Food and Beverage business.

ACCELERATING OVERSEAS EXPANSION

We have a solid foundation in our home markets of Singapore and Malaysia. Nonetheless, there remains

substantial headroom for us to grow in key overseas markets like China and Indochina. These markets are much larger and our products are relevant in these markets. In addition, our businesses in Europe, US and Australia have good margins and have a long runway for growth. Accordingly, we will invest and expand our overseas businesses.

OPTIMISING PORTFOLIO AND DRIVING PRODUCTIVITY

We have an expansive product portfolio, which includes Yeo's Core Food and Beverages and our agency brands. Hence, we will focus on optimising our portfolio and driving productivity.

Digitisation and Sustainability, while not called out as key strategic pillars, are vital and embedded in our overall strategy and execution plan.

KEY MILESTONES

While the Group faced an unprecedented global health challenge in 2020, I am pleased to report the following key milestones achieved:

- Compared to the first half of 2020, net loss in the second half was considerably lower and Yeo's Core Food and Beverage sales for the second half was in line with the second half of FY2019, despite the headwinds of COVID-19 in 2020.
- For FY2020, Yeo's generated cash of S\$8.3 million from operating activities. Cash outflow was deployed primarily to pay dividends to shareholders and fund capital expenditure for our strategic partnership with Oatly.
- We doubled our e-commerce sales.

GROUP CEO'S MESSAGE

- We achieved double-digit sales growth in our China business for the second consecutive year.
- We delivered double-digit sales growth in our food business.
- We maintained our Asian drinks market share leadership in Malaysia and Singapore. Significantly, we gained market share in Malaysia after share declines over the past two years.

INNOVATING FOR A BETTER FUTURE

In 2020, to celebrate Singapore's National Day, we created the Yeo's Chrysanthemum Tea Special Edition 2020 Cans for NDP 2020 Singapore Together Pack. We sponsored 1.2 million cans of Yeo's Chrysanthemum Tea for households in Singapore. This is one of the largest activations of its kind in recent years. Importantly, as a business with deep roots in Singapore, we are privileged to contribute to the NDP 2020 Singapore Together Pack and stand in solidarity with all Singaporeans in the face of COVID-19. This programme came with three promotional surprises to excite and reward Singaporeans: an augmented reality experience activated through the special edition can, donations to charity, and a contest with prizes worth over S\$30,000. Our social media campaign for the #YeosMoments Special Edition 2020 Contest was well received. This programme won us three marketing awards and made Yeo's Instagram account the most followed amongst leading food and beverage players in Singapore.

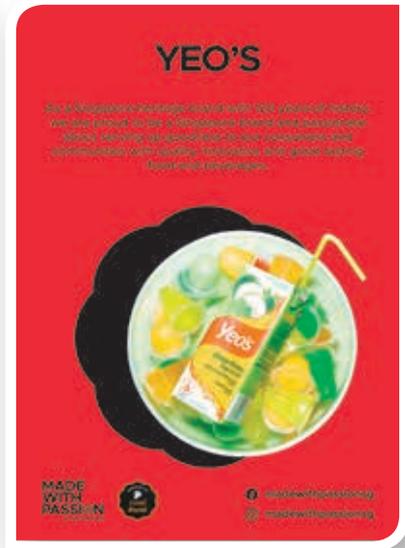


#YeosMoments Special Edition 2020 Contest in celebration of the Nation's 55th birthday partnering The Fullerton Hotels & Resorts (L-R) : Mr Samuel Koh (Group CEO of Yeo's), Ms Angela Lu (CEO Singapore, Greater China & Group Chief Growth Officer of Yeo's) and Cavaliere Giovanni Viterale (General Manager of The Fullerton Hotels & Resorts)



Yeo's 120th anniversary celebration

Last year, we were also among the pioneering batch of 48 companies in Singapore to be able to use the 'Made with Passion' logo on our products. We are grateful to the Singapore Tourism Board, the Singapore Brand Office and Singapore Enterprise for this national brand mark, which promotes awareness of local brands and supports their growth.



Yeo's selected as the pioneering batch for the 'Made in Passion' programme

We have launched a successful Chinese New Year Campaign in Singapore, leveraging our new Chrysanthemum Tea options and a TVC campaign featuring up and rising celebrity Ayden Sng. This campaign covered all key digital and social media platforms.

GROUP CEO'S MESSAGE



Chinese New Year TVC campaign in Singapore featuring celebrity, Ayden Sng

In Malaysia, we rolled out a large-scale campaign called 'Goodness Matters', which focused on our core Soy Milk and Chrysanthemum Tea. This successful campaign was executed seamlessly with our trade customers and digitally across key social media platforms, attracting more than eight million views. In honour of our Malay consumer base, we also produced a three-part, family web-drama for Ramadan to promote Yeo's products including Yeogurt, Yeo's own yoghurt drink. In 2020, we also started to change and adjust how we partner and invest with our modern trade customers, who are the main growth channels during COVID-19. Collectively, these efforts enabled us to increase our Asian Drink market share leadership in Malaysia after two years of decline.

In China, we rejuvenated our beverage portfolio by marketing our popular beverages with water chestnut and grass jelly bits under the '爽' (Shuang) sub-brand. '爽' in colloquial terms broadly translates into very enjoyable and refreshing. The sensorial tastes of these products, along with the new packaging, helped boost our sales in China.

ENSURING SAFETY AND SUPPLY

In addition to the progress on the marketing and commercial fronts, we have been working relentlessly to safeguard the health and safety of our employees amidst the pandemic. Our supply chain team have also been working hard to ensure continuous supply of our products. COVID-19 has shifted demand patterns dramatically including spikes in at-home consumption, modern trade, e-commerce and food products. Through it all, the organisation took these changes in its stride to make sure

that as a manufacturer of essential products, we stay agile to supply to our customers and consumers.

BUSINESS OUTLOOK

While COVID-19 will exert near-term uncertainty and pressure, I am encouraged by the improvement in the second half of 2020. I am confident that we can build on that positive momentum into 2021.

Our long-term vision is clear, and we have the balance sheet and team to accelerate our transformation and growth.

ACKNOWLEDGEMENT AND APPRECIATION

I would like to express my deep appreciation to our staff for their dedication and resolve. I also thank the Board for their counsel and our customers, suppliers, and shareholders for their unwavering support.

KOH CHEE BOON SAMUEL

Group Chief Executive Officer



'Goodness Matters' campaign in Malaysia

FINANCIAL HIGHLIGHTS

FIVE-YEARS STATISTICAL RECORD OF THE GROUP

Unit: S\$'000	2016	2017	2018	2019	2020
REVENUE BY GEOGRAPHICAL SEGMENTS:					
Singapore	115,167	88,194	91,009	101,282	86,456
Malaysia	165,215	145,768	151,565	138,716	127,959
Other countries	129,650	106,744	106,058	118,724	107,453
TOTAL GROUP REVENUE	410,032	340,706	348,632	358,722	321,868
Net profit/(loss) after tax	28,962	145,690	12,022	17,690	(10,032)
Net tangible assets	679,318	632,150	633,132	610,451	583,189

REVENUE BY GEOGRAPHICAL SEGMENTS

 SINGAPORE

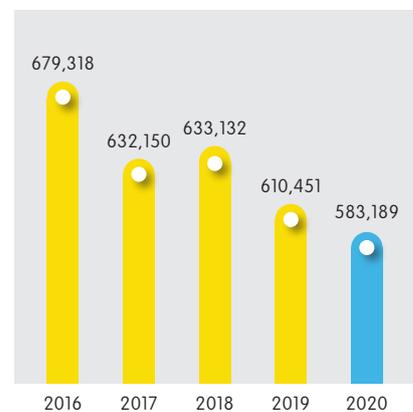
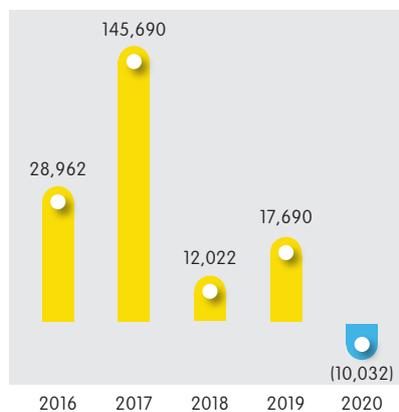
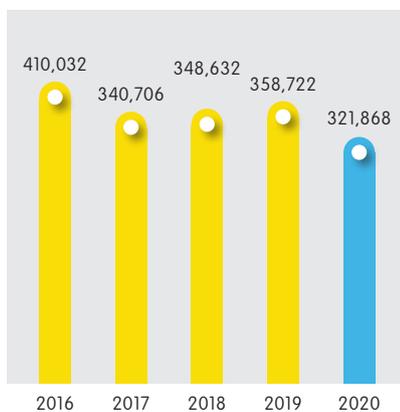
 MALAYSIA

 OTHER COUNTRIES


GROUP REVENUE

NET PROFIT/(LOSS) AFTER TAX

NET TANGIBLE ASSETS



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

MR NG WIN KONG DARYL *Non-independent & Non-executive Director*

MR S. CHANDRA DAS *Deputy Chairman & Lead Independent Director • Independent & Non-executive Director*

MR CHIN YOKE CHOONG *Independent & Non-executive Director*

MR SITOH YIH PIN *Independent & Non-executive Director*

MR WILLIAM PETER ADAMOPOULOS *Non-independent & Non-executive Director*

MS GOI LANG LING, LAUREEN *Independent & Non-executive Director*

DR LIM SU LIN *Independent & Non-executive Director*

MS LUO DAN *Independent & Non-executive Director*

MR MOHAMAD HALIM BIN MERICAN *Independent & Non-executive Director*

MR JONATHAN JAMES YONG ZE NG *Non-independent & Non-executive Director*

COMPANY SECRETARY

MS NEOH SUE LYNN

AUDIT & RISK COMMITTEE

MR CHIN YOKE CHOONG *Chairman*

MR S. CHANDRA DAS *Member*

MR SITOH YIH PIN *Member*

MS GOI LANG LING, LAUREEN *Member*

MR JONATHAN JAMES YONG ZE NG *Member*

NOMINATING COMMITTEE

MR S. CHANDRA DAS *Chairman*

MR WILLIAM PETER ADAMOPOULOS *Member*

DR LIM SU LIN *Member*

MS LUO DAN *Member*

REMUNERATION COMMITTEE

MR SITOH YIH PIN *Chairman*

MR S. CHANDRA DAS *Member*

MS GOI LANG LING, LAUREEN *Member*

MS LUO DAN *Member*

MR MOHAMAD HALIM BIN MERICAN *Member*

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Singapore 048581

Partner-in-charge: **MS YEO LIK KHIM**
Year Appointed: 2019

PROFILE OF THE BOARD OF DIRECTORS

MR NG WIN KONG DARYL, 42

Chairman, Non-independent & Non-executive Director

- Member of Board of Directors

Mr Daryl Ng joined the YHS Board on 13 June 2018 as Non-independent, Non-executive Director; he was re-elected as a Director of the Company on 26 April 2019. On 1 January 2020, he became Chairman of the YHS Board.

Mr Ng is Deputy Chairman of Sino Land Company Limited (HKSE: 083), Tsim Sha Tsui Properties Limited (HKSE: 0247) and Sino Hotels (Holdings) Limited (HKSE: 1221) of Sino Group, one of the leading property developers in Hong Kong. He is also Director of a number of respective subsidiaries and associated companies.

Mr Ng is a steadfast advocate of good causes for the betterment and sustainable development of society. He actively participates in community services, green initiatives, heritage conservation, as well as arts and cultural events to build a better community.

Since 2013, he has been serving on the judging panel of the Spirit of Hong Kong Awards, which celebrate unsung heroes who have made a positive impact on others.

He has set up the Hong Kong Innovation Foundation, a holistic innovation ecosystem serving a wide spectrum of sectors through STEAM

education, experiential programmes, entrepreneurship support and sandbox platform.

Mr Ng is also a Non-Executive Director of The Bank of East Asia, Limited, a Member of the Global Leadership Council of Columbia University in the City of New York, a Member of the 12th and 13th Beijing Municipal Committees of the Chinese People's Political Consultative Conference ('CPPCC'), a Member of the 10th Sichuan Committee of the CPPCC, a Member of the 10th and 11th Committees of the All-China Youth Federation, President of the Hong Kong United Youth Association, Chairman of the Greater Bay Area Homeland Youth Community Foundation, Deputy Chairman of the Chongqing Youth Federation, a member of the Board of Hong Kong Science and Technology Parks Corporation, a Member of the Cyberport Advisory Panel, an Adviser to the Our Hong Kong Foundation, a Council Member of the Hong Kong Chronicles Institute, a Member of the Estate Agents Authority of HKSAR, a Council Member of the Employers' Federation of Hong Kong, a Member of the HKTDC Mainland Business Advisory Committee, a Member of the Board of Mind HK, a Director of The Community Chest of Hong Kong, a Member of the Council of the Hong Kong Committee for UNICEF, a Council Member of the

Hong Kong Management Association, a Member of the Board of the M Plus Museum Limited (a subsidiary of the West Kowloon Cultural District Authority), a Member of the Council of the University of Hong Kong, a Member of the Court of Hong Kong University of Science and Technology, a Director of The Real Estate Developers Association of Hong Kong, a Member of the Board of the National Heritage Board of Singapore, a Member of the NUS Medicine International Council of the Yong Loo Lin School of Medicine of the National University of Singapore, and a Member of the Singapore Management University International Advisory Council.

Mr Ng is the son of Mr Robert Ng Chee Siong and nephew of Mr Philip Ng Chee Tat. The Ng Family is a substantial shareholder of the Company.

Mr Ng holds a Bachelor of Arts degree in Economics and a Master of Science degree in Real Estate Development from Columbia University in New York, and an Honorary Doctor of Humane Letters degree from Savannah College of Art and Design. He is also an Honorary Fellow of the Open University of Hong Kong.

PROFILE OF THE BOARD OF DIRECTORS

MR S. CHANDRA DAS, 81

Deputy Chairman, Lead Independent Director, Independent & Non-executive Director

- Member of Board of Directors
- Chairman of Nominating Committee
- Member of Audit & Risk Committee
- Member of Remuneration Committee

Mr S. Chandra Das was appointed an Independent Director on YHS Board on 1 September 2002 and subsequently, from 1 November 2005, he was appointed as Lead Independent Director. He was re-appointed as a Director of the Company on 27 April 2018. Mr Das does not have any relationship (including familial) with fellow board members, the Company and/or its substantial shareholders or any of its principal subsidiaries.

Mr Das has over 40 years of experience primarily in companies involved in the trading and manufacturing industries. Mr Das served as the Singapore Trade Representative to the USSR from 1970 to 1971, Chairman of the Trade Development Board from 1983 to 1986, Chairman of NTUC Fairprice Co-operative Ltd from 1993 to 2005, Chairman & Director of Nera

Telecommunications Ltd from 1988 to 2013, Director of Yeo Hiap Seng (Malaysia) Berhad from 2004 to 2013, Director of Super Group Ltd from 2011 to 2017, Chairman of Travelex Holdings (S) Pte Ltd from 2017 to 2019 and Chairman of Hope Medical Services Group from 2019 to 2020.

Currently, Mr Das is the Chairman of TalkMed Group Ltd, a public company listed on the Singapore Stock Exchange. He is also the Managing Director of NUR Investment & Trading Pte Ltd, Chairman of Goodhope Asia Holdings Ltd, Chairman of Gashubunited Holding Private Limited, Director of AEON Molecular Laboratory Pte Ltd and High Street Hospitality Pte Ltd and Singapore's Non-Resident High Commissioner to Sri Lanka and Pro-Chancellor of Nanyang Technological University.

He served as a Member of Parliament in Singapore from 1980 to 1996.

Mr Das received his Bachelor of Arts degree (with honours) from the University of Singapore in 1965.

Mr Das has been conferred numerous awards, such as the President's Medal by the Singapore Australian Business Council in 2000, the Distinguished Service (Star) Award by National Trades Union Congress in 2005, and the Public Service Star in 2014.

MR CHIN YOKE CHOONG, 69

Independent & Non-executive Director

- Member of Board of Directors
- Chairman of Audit & Risk Committee

Mr Chin Yoke Choong was appointed an Independent & Non-executive Director on YHS Board on 15 May 2006 and was last re-elected on 26 April 2019. Mr Chin has served as Chairman of the Audit & Risk Committee since 23 February 2016. He was also a member of the Nominating Committee from 27 April 2017 to 16 May 2019.

Mr Chin does not have any relationship (including familial) with fellow board members, the Company and/or its substantial shareholders or any of its principal subsidiaries.

Mr Chin is the Chairman of Housing and Development Board, NTUC Fairprice Co-operative Ltd and the Corporate Governance Advisory Committee. He is the Deputy Chairman of NTUC Enterprise Co-operative Limited and a board member of the Singapore Labour Foundation. He sits on the boards of AV Jennings Limited, Ho Bee Land Limited, Temasek Holdings (Private) Ltd and Frasers Logistics & Commercial Asset Management Pte. Ltd. Mr Chin served as a Director of Sembcorp Industries Ltd from 1 December 2008 to 19 April 2017, Director of Singapore

Telecommunications Limited from 1 May 2012 to 23 July 2019, a member of the Council of Presidential Advisers from 2 January 2010 to 1 January 2020 and Chairman of Frasers Commercial Asset Management Ltd from 30 November 2017 to 29 April 2020.

Mr Chin holds a Bachelor of Accountancy from the University of Singapore and is an associate member of The Institute of Chartered Accountants in England and Wales.

PROFILE OF THE BOARD OF DIRECTORS

MR SITOH YIH PIN, 57

Independent & Non-executive Director

- Member of Board of Directors
- Chairman of Remuneration Committee
- Member of Audit & Risk Committee

Mr Sitoh Yih Pin has been appointed as an Independent & Non-executive Director on the YHS Board and a member of the Audit & Risk Committee on 1 October 2019. On 8 November 2019, Mr Sitoh was appointed as a member of the Remuneration Committee. He assumed the Chairmanship of the Remuneration Committee on 1 January 2020.

Mr Sitoh does not have any relationship (including familial) with fellow board members, the Company and/or its substantial shareholders or any of its principal subsidiaries.

Mr Sitoh is a Chartered Accountant. He is the Member of Parliament for Potong Pasir constituency. He is also presently the Non-executive Chairman and Independent Director of ISEC Healthcare Ltd. and an Independent Director of TalkMed Group Limited.

In 2020, Mr Sitoh voluntarily applied for and obtained approval to cancel

his registration as a public accountant. Consequently, he resigned as a director of Nexia TS Public Accounting Corporation. In the same year, Mr Sitoh also resigned as a director of PAP Community Foundation to make way for new directors.

Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of both the Institute of Singapore Chartered Accountants and Chartered Accountants Australia and New Zealand.

Mr Sitoh's other principal commitments are as follows:

Directorships in Companies within his firm:

- Nexia TS Pte Ltd
- TSA Capital Pte Ltd
- TSA Recruitment Consultants Pte Ltd
- NTS Asia Advisory Pte Ltd
- Nexia China Pte Ltd
- Nexia TS Risk Advisory Pte Ltd

- Nexia TS Tax Services Pte Ltd
- Nexia TS Technology Pte Ltd
- Nexia TS Advisory Pte Ltd
- NTS Asia Advisory Sdn Bhd
- NTS Myanmar Company Limited

Other directorships and appointments:

- Potong Pasir Grassroots Organisations – Advisor
- PAP Community Foundation – Potong Pasir Branch Chairman
- Jalan Besar Town Council – Vice Chairman
- Central Community Development Council – Council Member
- People's Action Party – Potong Pasir Branch Chairman
- China Taiping Insurance (Singapore) Pte. Ltd. – Director
- Government Parliamentary Committee for Ministry of Culture, Community and Youth – Chairman
- Government Parliamentary Committee for Ministries of Law and Home Affairs – Member

MS LUO DAN, 52

Independent & Non-executive Director

- Member of Board of Directors
- Member of Remuneration Committee
- Member of Nominating Committee

Ms Luo Dan has served as an Independent & Non-executive Director on YHS Board since 1 January 2017. She was last re-elected as a Director of the Company on 11 May 2020. She is a member of the Remuneration Committee and most recently appointed as a member of the Nominating Committee in June 2020.

Ms Luo does not have any relationship (including familial) with fellow board members, the Company and/or its substantial shareholders or any of its principal subsidiaries.

Up to December 2019, Ms Luo Dan has been acting as an independent consultant mostly for fast moving consumer goods companies. In January 2021, Ms Luo Dan joined Fonterra Group as General Manager of Strategic Business Development at Sports & Active Lifestyle business unit. She is also a director of LuoYa Pte Ltd and a director of Urban Connected Pte Ltd, a subsidiary of Capitalonline Data Service Co Ltd, which is listed in Shenzhen Stock Exchange.

She was formerly the Managing Director of Lego Singapore, a subsidiary of The Lego Group. Prior to that, Ms Luo

worked for Heinz for over a decade in the US and the Asia Pacific region. At Heinz, she held various positions including Managing Director of Heinz ASEAN Pte Ltd, based in Singapore, and Managing Director of Heinz Long Fong Frozen Food in China.

Ms Luo Dan holds a Bachelor of Computer Science, Software from Wuhan University, China and an MBA from IMD, Switzerland. In early 2020, she obtained a Certificate in Corporate Governance at INSEAD. She is also a member of the Singapore Institute of Directors.

PROFILE OF THE BOARD OF DIRECTORS

DR LIM SU LIN, 51

Independent & Non-executive Director

- Member of Board of Directors
- Member of Nominating Committee

Dr Lim Su Lin was appointed as an Independent, Non-executive Director on YHS Board on 1 May 2019. On 16 May 2019, Dr Lim was appointed as a member of the Nominating Committee.

She does not have any relationship (including familial) with fellow board members, the Company and/or its substantial shareholders or any of its principal subsidiaries.

Dr Lim has been making her impact in the field of dietetics both within a top academic university hospital as Chief Dietitian for the last 21 years, and internationally.

Over the past years, Dr Lim has collaborated with partners within her hospital as well as external agencies to realise her vision of improving malnutrition for at-risk patients through her research. She has systematically developed and validated a novel nutrition screening tool called the "3-Minute Nutrition Screening" and a nutrition intervention tool called the "Expedited 10g Protein Counter" – which were both published in international peer-reviewed journals. These tools were subsequently successfully implemented in various public hospitals and several nursing homes. The 3-Minute test enables nurses to systematically screen hospitalised patients on admission in a simple,

quick, reliable and cost-effective way, leading to timely interventions and improved outcomes for patients.

Dr Lim spearheaded a novel project funded by the Healthcare Quality Improvement Fund for dietitians to follow up with malnourished patients after they are discharged from the hospital through home visits and tele-consultations. The results for the randomised controlled trial showed significant improvement in the nutritional status and quality of life of these patients, with mortality rate halved in the intervention group compared to the control group. She has also been awarded national research grants to evaluate the use of mobile technology to address the challenges of overweight, obesity, fatty liver disease and diabetes. Harnessing technology to encourage lifestyle and behavioural changes, Dr Lim is continually championing a healthier population.

Dr Lim has been active in initiating, driving and implementing quality improvement initiatives to improve clinical and workflow processes. She has won several awards for her quality improvement work both at the hospital and national level. In 2014, Dr Lim became the first in the world to publish a paper on a quality improvement initiative on nutrition screening in the Joint Commission

Journal on Quality and Patient Safety. Dr Lim also successfully completed her doctorate at the Queensland University of Technology, and was awarded the Outstanding Doctoral Thesis Award in 2014.

Dr Lim has been conferred many awards for her significant contributions in research, innovation and quality improvement, including the following:

- Singapore National Day Award – Commendation Medal in 2020
- QUT Outstanding Alumni – Special Excellence Award in 2016
- NUHS-Mochtar Riady Pinnacle Excellence Award in 2015
- Singapore Allied Health Award for best oral presentation at the Singapore Health and Biomedical Congress, 4-time winner from 2009 to 2013
- Numerous Outstanding Awards for impactful quality improvement initiatives
- NUHS Model Allied Health Professional Award (for Research) in 2011
- National Healthcare Quality Improvement Commendation Award in 2011
- Singapore Public Service Excellence – Best Ideator Gold Award in 2011
- Singapore National Day Award – Efficiency Medal in 2007

PROFILE OF THE BOARD OF DIRECTORS

MS GOI LANG LING LAUREEN, 50

Independent & Non-executive Director

- Member of Board of Directors
- Member of Remuneration Committee
- Member of Audit & Risk Committee

Ms Goi Lang Ling Laureen has been appointed as an Independent & Non-executive Director on the YHS Board and a member of the Remuneration Committee on 1 October 2019. She has been appointed as a member of the Audit & Risk Committee on 2 June 2020.

She does not have any relationship (including familial) with fellow board members, the Company and/or its substantial shareholders or any of its principal subsidiaries.

She is currently the General Manager of Tee Yih Jia Food Manufacturing Pte Ltd.

She is a director of a number of subsidiaries and associated companies of TYJ. She has been appointed by Enterprise Singapore (ESG) as committee member of Food Standards Committee (FSC).

Ms Goi holds a Master in Business and Technology from the University of New South Wales, Australia.

MR WILLIAM PETER ADAMOPOULOS, 58

Non-independent & Non-executive Director

- Member of Board of Directors
- Member of Nominating Committee

Mr Will Adamopoulos has been appointed as a Non-independent & Non-executive Director on the YHS Board on 14 July 2020. He has been appointed as a member of the Nominating Committee on 13 August 2020.

Mr Will Adamopoulos is the CEO of Forbes Media Asia Pte Ltd and also serves as the CEO/Asia for Forbes Media LLC. He joined Forbes in 1999 and established Forbes' Asia headquarters. During his more than 2 decades with Forbes, he launched Forbes Asia magazine as well as local Forbes editions in Japan, China, Korea, India, Indonesia, Thailand and Vietnam. He also developed a highly

successful conference and events business, led by the Forbes Global CEO Conference – an annual gathering of CEOs, entrepreneurs and thought leaders.

Prior to joining Forbes, Mr Adamopoulos was the Publisher and Managing Director of The Asian Wall Street Journal, and the President of Dow Jones Publishing Company (Asia).

Mr Adamopoulos is Senior Advisor to BandLab Technologies, Pacific Century Group and Barings Private Equity Asia, an Advisory Board Member of Asia Partners and a member of the Jr. NBA Asia Advisory Council.

He previously served as Senior Advisor to GrabTaxi Holdings and One Championship, Board Director for Redington (India) Limited and an Advisor to Diligent Corporation.

A 1984 graduate of Harvard College where he studied economics, Mr Adamopoulos is based in Singapore.

PROFILE OF THE BOARD OF DIRECTORS

MR MOHAMAD HALIM BIN MERICAN, 55

Independent & Non-executive Director

- Member of Board of Directors
- Member of Remuneration Committee

Mr Mohamad Halim Bin Merican has been appointed as an Independent & Non-executive Director on the YHS Board on 30 July 2020. He has been appointed as a member of the Remuneration Committee on 13 August 2020.

Currently a Board Member of Malaysian Association of Hotels, Halim Merican brings with him more than 33 years of Hospitality industry experience. During the MCO period, he was appointed as Acting President for the association. A graduate from the Hotel Management School Les Roche in Switzerland, started his career from a humble Management Trainee with the Hilton International Hotel group back in the 80s, has had experience in Culinary field and Food & Beverage division in his early years and had a crossover to the Rooms Division when he was given the opportunity to pursue his career in Rooms Division and was sent to Washington DC to re-align his role in Rooms Division. He then was

given the opportunity to be part of Hyatt International to be the pioneer in developing the new concept of Rooms Division by Hyatt International when he joined the Hyatt Regency Singapore. Other International hotel brands where he held Senior Management roles include the Pan Pacific Hotel group and Shangri-La Hotels. Apart from that, he had a goal to improve the local brands and was fortunate to be given the opportunity to set up the Corporate Sales & Marketing division for the Mutiara Hotels & Resorts group which included the re-branding exercise. He has held other corporate roles which includes his role in consolidating the Impiana Hotels & Resorts group as Group General Manager and expanded his exposure to regional destinations. His most recent role was opening the first Wyndham brand hotel in Malaysia which is the Wyndham Acmar Klang. Halim is a strong believer in delivering high level of quality standards in this industry and leads his team through developing their strength as future

leaders of the industry. He believes in constantly improving himself and the industry with innovation and ideas by keeping close to the new concepts of Hospitality. Apart from his daily duties managing hotels, he is on the Board of Malaysian Association of Hotels. He is a Certified Hotel Administrator (CHA), a certification for the hospitality industry by the American Hotel & Lodging Educational Institute (AHLEI) and the designated facilitator of the program for Malaysia. He is also a certified trainer for the Human Resources Development Funds (HRDF) which is under the Ministry of Human Resources, Malaysia.

He was appointed as Adjunct Professor for UNITAR International University Malaysia in January 2021.

He currently is the CEO of his business venture, UniQ Hospitality Services Sdn Bhd, which provides Hotel Consultancy services.

MR JONATHAN JAMES YONG ZE NG, 30

Non-independent & Non-executive Director

- Member of Board of Directors
- Member of Audit & Risk Committee

Mr Jonathan James Yong Ze Ng has been appointed as a Non-independent & Non-executive Director on the YHS Board on 10 September 2020. He has been appointed as a member of the Audit & Risk Committee on 25 September 2020.

Mr Ng joined Far East Organization in 2015 and held several managerial positions before his appointment

as Executive Director, where he is responsible for providing strategic leadership in the functions of Sales and Leasing Business Group, Customer Service and Corporate Affairs.

Mr Ng is a director of various unlisted companies in the Far East Organization Group and also sits on the board of Precious Treasure Pte Ltd, Precious Quay Pte Ltd and Martin Heritage

Management Pty Ltd (ATF Far East Martin Trust), which own The Fullerton Hotel Singapore, The Fullerton Bay Hotel and The Fullerton Hotel Sydney respectively.

Mr Ng graduated with a Bachelor of Arts in Economics from the Stanford University.

CORPORATE GOVERNANCE REPORT

Yeo Hiap Seng Limited (“**YHS**” or the “**Company**”) is committed to upholding a high standard of corporate governance to promote corporate transparency and enhance long-term shareholder value.

The Board of Directors (“**Board**”) and the management team of the Company (“**Management**”) believe that good corporate governance and best practices in business are essential to the sustainability of the Company and its success over the long-term.

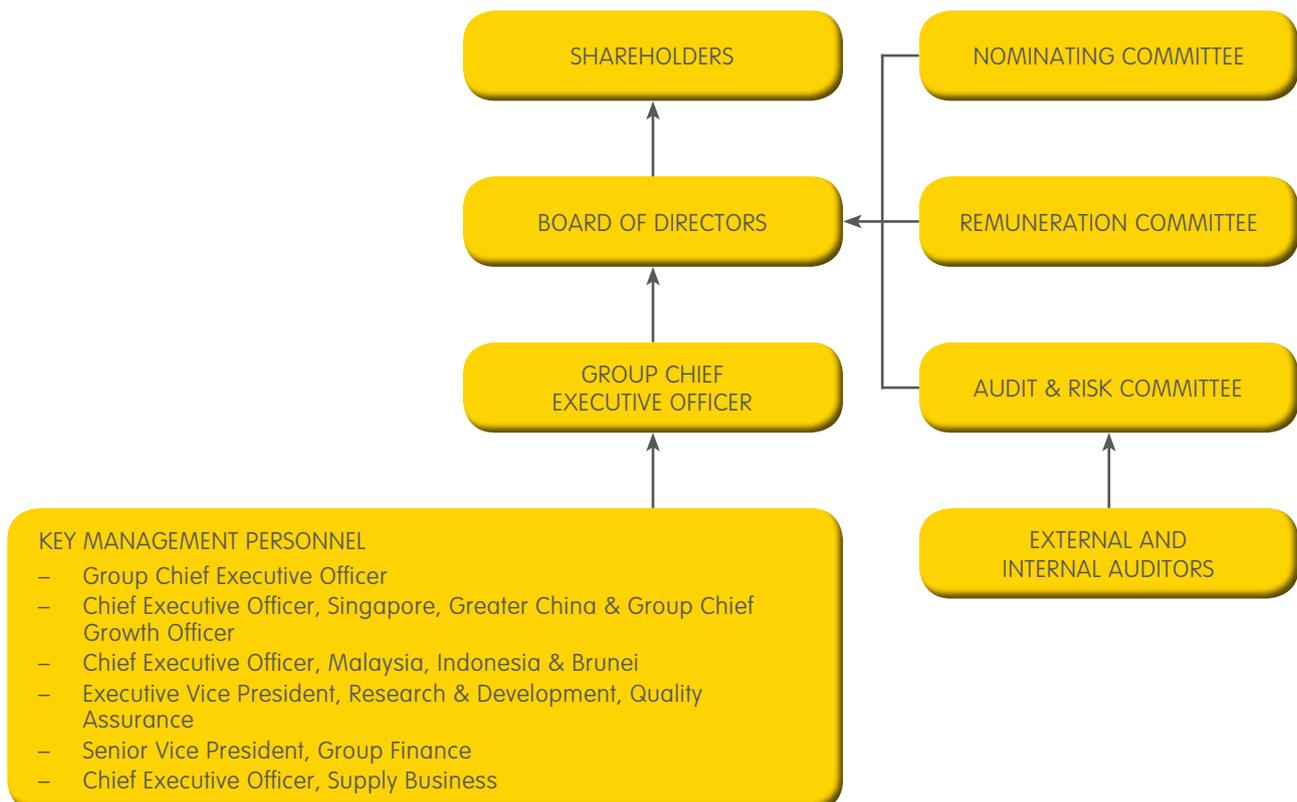
The Board and its committees have established policies and regulations on good governance, and such committees are guided by their respective terms of references (“**Terms of Reference**”).

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2018

This corporate governance report (“**Report**”) describes the corporate governance practices and activities for the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2020 with specific references to the principles of the Code of Corporate Governance 2018 (the “**2018 Code**”) and any deviation from any provisions of the 2018 Code is explained in this Report. The Board believes that the Group has complied with the principles under the 2018 Code and substantially all the provisions as set out thereunder, save for the following exceptions, deviation from which are explained in this Report:

- (a) Provision 2.4 – the disclosure of the Company’s board diversity policy and progress made towards implementing such policy, including objectives;
- (b) Provision 11.4 – the provision in the Company’s constitution for absentia voting at general meetings of shareholders; and
- (c) Provision 11.6 – the provision of a corporate dividend policy.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Primary functions of the Board

The Board oversees the effectiveness of Management as well as the corporate governance of the Company with the objective of maximising long-term shareholder value, protecting the Company's assets and sustaining its businesses and performance.

The Board subscribes to the principles of having good Board practices and members of integrity. Board members appointed have extensive corporate experience and good track records in the public and/or private sectors.

Apart from its statutory duties, the principal roles of the Board include:

- i. providing entrepreneurial leadership, setting strategic objectives, which should include appropriate focus on value creation, innovation and sustainability, and ensuring that the necessary resources are in place for the Group to meet its objectives;
- ii. monitoring and approving the Group's broad policies, operational initiatives, annual budget, major investment and funding decisions;
- iii. ensuring the adequacy and effectiveness of internal controls (including financial, operational and compliance) and establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Group performance;
- iv. approving the appointment of the Group Chief Executive Officer ("**Group CEO**") and Directors, and overseeing the succession planning process;
- v. approving the remuneration for each Director, the Group CEO and key management personnel;
- vi. reviewing Management performance, setting values and standards, including business ethics, and ensuring that obligations to shareholders and other stakeholders are understood and met;
- vii. assuming responsibility for corporate governance and instilling an ethical culture, and ensuring that the Group's values, standards, policies and practices are consistent with its culture; and
- viii. assuming responsibility for the Group's sustainability direction.

Directors' discharge of duties and responsibilities

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Delegation by the Board

The Board is accountable to shareholders while Management is accountable to the Board for its performance. To facilitate effective management, the Board has delegated certain functions which are carried out directly or through committees comprising Board members and senior management staff, as well as by delegation of authority to senior management staff in the various companies in the Group.

CORPORATE GOVERNANCE REPORT

The Board is supported by its Board committees, namely the Audit & Risk Committee (“**ARC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”). The composition of these Board committees is structured to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution. Diversity of experience and appropriate skills are considered along with the need to maintain appropriate checks and balances between the different Board committees. The Board acknowledges that while these various Board committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters still lies with the Board.

Each Board committee is guided by its own specific written Terms of Reference setting out the scope of its duties and responsibilities, procedures governing the manner in which it is to operate and how decisions are to be taken. These Terms of Reference are approved by the Board and reviewed periodically to ensure their continued relevance.

The Group CEO heads the team of key management personnel (“**KMP**”) to manage the Company’s business and operations group-wide. The KMP constitutes a mix of group functional heads and heads of major operating units reporting to the Group CEO. This matrix governance ensures that major operational and business decisions are taken with the benefit of collective wisdom and experience. The remuneration of each KMP (including the Group CEO) is approved by the RC and the Board.

Meetings of the Board and Board committees and general meetings of shareholders, meetings attendance record and processes

The schedule of meetings of the Board, Board committees and the Annual General Meeting (“**AGM**”) for the next calendar year is planned in advance. The Board meets at least four (4) times a year at regular intervals. Telephonic and video conferencing at Board meetings are allowed under the Constitution of the Company (“**Constitution**”). *Ad hoc* meetings of the Board and Board committees may be convened, if warranted by circumstances. The Board and Board committees may also make decisions by way of circulating resolutions in lieu of a meeting.

The attendance record of the Directors at meetings of the Board, the ARC, the NC, the RC and the AGM during the financial year is as follows:

	Board	ARC	NC	RC	AGM
Non-executive Directors					
Ng Win Kong Daryl ¹	5/5	–	–	–	1/1
S. Chandra Das	5/5	4/4	2/2	3/3	1/1
Chin Yoke Choong	5/5	4/4	–	–	1/1
Sitoh Yih Pin	5/5	4/4	–	3/3	1/1
William Peter Adamopoulos ²	2/2	–	–	–	–
Goi Lang Ling Laureen ³	5/5	2/2	–	3/3	1/1
Lim Su Lin	5/5	–	2/2	–	1/1
Luo Dan ⁴	5/5	–	0/1	3/3	1/1
Mohamad Halim Bin Merican ⁵	2/2	–	–	2/2	–
Jonathan James Yong Ze Ng ⁶	1/1	1/1	–	–	–
Dato’ Mohamed Nizam bin Abdul Razak ⁷	2/2	1/1	1/1	–	1/1

CORPORATE GOVERNANCE REPORT

Annotations:

- 1 Appointed as Chairman of the Board on 1 January 2020
- 2 Appointed as Non-independent & Non-executive Director on 14 July 2020 and NC member on 13 August 2020
- 3 Appointed as ARC member on 2 June 2020
- 4 Appointed as NC member on 2 June 2020
- 5 Appointed as Independent & Non-executive Director on 30 July 2020 and RC member on 13 August 2020
- 6 Appointed as Non-independent & Non-executive Director on 10 September 2020 and ARC member on 25 September 2020
- 7 Retired as Independent & Non-executive Director and member of ARC and NC on 11 May 2020

Internal guidelines on matters requiring Board approval

The Company has in place a “**Group Approving Authority**” policy setting out the matters reserved for the Board’s decision and the delegated authority to various levels of Management. This policy has been communicated to Management and is published in the Company’s intranet.

Matters requiring Board approval include budgeted capital expenditure with gross value exceeding S\$20 million, transactions in the ordinary course of business with gross value exceeding S\$5 million and for finance related charges and assets write-off or other transactions not in the ordinary course of business, with gross value exceeding S\$1 million. Other matters, which are specifically referred to the Board for approval, are those involving bank borrowings, provision of corporate guarantees or securities, equity or contractual joint ventures with initial investment value exceeding S\$2 million and diversification into new businesses.

Board induction, orientation and training

Newly appointed Directors are briefed on the Group’s businesses and governance practices by the Group CEO and senior management. The orientation programme also includes a familiarisation tour of selected premises or factories within the Group. The programme allows new Directors to get acquainted with senior management, thereby facilitating Board interaction and independent access to Management. Where necessary, the Company will provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge and first-time Directors are required to attend training and courses organized by the Singapore Institute of Directors at the Company’s expense.

Mr Mohamad Halim Bin Merican and Mr Jonathan James Yong Ze Ng, who joined the Board during the financial year under review, being newly appointed first-time directors, have undergone or will attend training in the roles and responsibilities of a director of a listed issuer as prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Mr William Peter Adamopoulos who was also appointed to the Board during the financial year under review, was not required to undergo similar training as the NC had determined that he has other relevant experience serving as a director of an issuer listed on another foreign stock exchange.

Directors are routinely updated on developments and changes in the operating environment, including revisions to accounting standards, and laws and regulations affecting the Group. At the request of Directors, the Company will fund Directors’ participation at industry conferences, seminars or training programmes in connection with their duties as Directors of the Company. The Company Secretary will bring to the Directors’ attention information on seminars that may be of relevance to them. News updates, bulletins, circulars and other releases issued by, in particular, the SGX-ST and the Accounting and Corporate Regulatory Authority (“**ACRA**”) which are relevant to the Directors are circulated to the Board by the Company Secretary.

Formal letter to Director upon appointment

A formal letter of appointment is provided to a new Director upon his or her appointment, setting out the duties and obligations associated with their directorship.

During the financial year under review, Mr William Peter Adamopoulos on 14 July 2020 and Mr Jonathan James Yong Ze Ng on 10 September 2020, respectively, were appointed as Non-independent & Non-executive Directors of the Company. Mr Mohamad Halim Bin Merican was appointed as an Independent & Non-executive Director on 30 July 2020.

CORPORATE GOVERNANCE REPORT

Board's access to complete, adequate and timely information

Board members are provided with management information including country performance, budgets, business plans, forecasts, funding position, capital expenditure, and manpower statistics of the Group prior to each Board meeting to enable them to keep abreast of the Group's performance, financial position and prospects. Any material variance between budgets, projections and actual results are disclosed and explained. All relevant information on material events and transactions are circulated to Directors as and when they arise.

Provision of information to the Board

Board papers and related materials are disseminated to the Board before the scheduled Board or Board committee meeting via electronic means, whereby the Directors will download the files onto their electronic devices, thereby substantially removing the need to print hard copies for deliberation at meetings. With this process, the Company steers itself towards sustaining a green and environmentally-friendly work culture.

Appointment and removal of Company Secretary

The appointment and removal of the Company Secretary is a Board-reserved matter under the Constitution.

During the financial year under review, Mr Winston Paul Wong Chi Huang resigned as General Counsel & Company Secretary on 30 March 2020 and Ms Neoh Sue Lynn was appointed in his stead on 31 March 2020.

Company Secretary

Board members have separate and independent access to the Company's senior management and the Company Secretary, and *vice versa*. Such access comes in the form of electronic mail, telephone and face-to-face meetings. The Company Secretary attends all meetings of the Board and Board committees, and assists the Chairman to ensure that Board procedures are followed, and that there is good information flow within the Board and the Board committees and between Management and non-executive Directors. Where queries made by the Directors are channeled through the Company Secretary, the Company Secretary ensures that such queries are answered promptly by Management.

Board's access to independent professional advice

Directors, individually or as a group, in furtherance of their duties and after consultation with the Chairman of the Board, are authorised to seek independent professional advice at the Company's expense.

Board Composition and Guidance

Principle 2 The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board independence and number of independent Directors on the Board

As at 31 December 2020, the Board comprised ten (10) members of whom seven (7) were independent and three (3) were non-independent. All the Directors were non-executive Directors.

The NC reviews the independence of the Directors annually and is satisfied that the Company has complied with the 2018 Code which provides that independent directors make up a majority of the Board where the Chairman is not independent.

A description of the background of each Director is provided in the "Profile of the Board of Directors" section of the Annual Report.

CORPORATE GOVERNANCE REPORT

Independence of Directors

Annually, the independent Directors submit declarations on their independence to the NC for assessment. The NC, in its deliberation of the independence of a Director, takes into consideration the relevant provisions of the SGX-ST Listing Manual ("**Listing Manual**"), the 2018 Code and where relevant, the recommendations set out in the Practice Guidance accompanying the 2018 Code ("**Practice Guidance**").

The NC takes into account the existence of relationships or circumstances, including those identified by the Listing Manual, the 2018 Code and the Practice Guidance, that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include (i) the employment of a Director by the Company or any of its related corporations during the financial year in question or in any of the previous three (3) financial years; (ii) a Director being on the Board for an aggregate period of more than nine (9) years; (iii) a Director providing to or receiving from the Company or any of its subsidiaries significant payments or material services during the financial year in question or the previous financial year, other than compensation for board service; and (iv) a Director being related to any organisation to which the Company or any of its subsidiaries, or from which the Company or any of its subsidiaries received, significant payments or material services during the financial year in question or the previous financial year.

For the financial year under review, the NC, having reviewed the independence of the relevant Directors, is satisfied that there are no relationships or circumstances which are likely to affect the following independent Directors' objective and independent judgement:

- i. Mr Sitoh Yih Pin;
- ii. Ms Goi Lang Ling Laureen;
- iii. Dr Lim Su Lin;
- iv. Ms Luo Dan; and
- v. Mr Mohamad Halim Bin Merican.

Accordingly, the Board has, upon the NC's recommendation, affirmed that the abovenamed Directors, each of whom has served less than nine (9) years as an independent Director since their date of appointment to the Board, remains independent as contemplated by the Listing Manual and 2018 Code.

Independence of Directors who have served on the Board beyond nine years

The following Directors have each served as an independent Director for more than nine (9) years from the date of their first appointment to the Board:

- i. Mr S. Chandra Das; and
- ii. Mr Chin Yoke Choong.

The Board is of the view that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. The NC and Board, having rigorously reviewed whether (i) there are relationships or circumstances which are likely to affect, or could appear to affect the judgement and the independence of the above Directors, and (ii) have noted the above Directors' active participation in debating, questioning and evaluating proposals by Management and/or actions to be taken. Accordingly, the Board has determined that Mr Das and Mr Chin are independent as they have continued to demonstrate independence in character and judgement in the discharge of their responsibilities as Directors and there are no relationships or circumstances which affect or are likely to affect their judgement and ability to discharge their responsibilities as independent Directors.

CORPORATE GOVERNANCE REPORT

Size, composition, gender diversity and competencies of the Board and Board committees

The size and composition of the Board and Board committees and the skills and core competencies of its members are reviewed annually by the NC, which seeks to ensure that the size and composition of the Board is conducive for effective discussion and decision-making, and that the Board has an appropriate number of independent Directors.

Taking into account the size and geographical spread of the Group's businesses, the Board considers the current Board size as appropriate for meaningful individual participation by Directors with diverse professional perspectives, so as to facilitate efficient and effective decision-making with a strong independent element.

The current Board comprises members who as a group provide core competencies necessary to meet the Group's needs. These competencies include accounting and finance, banking, business acumen, industry knowledge and management experience.

Annually, the NC reviews the diversity of skills, qualities and experiences that the Board requires to function competently and efficiently, based on an established competency matrix of the Board and the curriculum vitae submitted by the individual Directors. As each Director brings valuable insights from various professional fields that are vital to the strategic interests of the Company, the Board considers that the Directors possess the necessary competencies to provide Management with diverse and objective perspectives on issues, so as to lead and govern the Company efficaciously.

Provision 2.4 of the 2018 Code provides that an issuer should disclose its board diversity policy and progress made towards implementing such policy, including objectives. The Board believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board's effectiveness. In addition to diversity in age, experience, background and skillsets of its members, the Board recognises that gender is an important aspect of diversity. Although an explicit policy on Board diversity has not been formalised, in practice the Board observes and applies the key tenets of diversity to ensure that the Board will have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. In this regard, the Board, supported by the NC, has included female candidates in its search pool for new appointments. In line with this, the following female Directors have been appointed to the Board as well as to Board committees, (i) Ms Luo Dan has served as a Board member since 1 January 2017 and has been a member of the RC since 27 April 2017 and a member of the NC since 2 June 2020, (ii) Dr Lim Su Lin was appointed as a Board member on 1 May 2019 and as a member of the NC on 16 May 2019 and (iii) Ms Goi Lang Ling Laureen was appointed as a Board member and as a member of the RC on 1 October 2019 and a member of the ARC on 2 June 2020. These female Directors represented just under one-third of the Board as at 31 December 2020.

The incumbent Board currently comprises seven (7) male Directors and three (3) female Directors.

Role of non-executive Directors

The non-executive Directors (including independent Directors) engaged with Management in the annual budget planning process. They also constructively challenged Management and helped to develop proposals on strategy. On a quarterly basis, the non-executive Directors reviewed the performance of Management in meeting agreed goals and objectives, and monitored the reporting of performance against budget, peer performance and a balanced scorecard comprising key financial and non-financial performance indicators.

Meeting of Directors without Chairman and Management

The Board sets aside time to meet without the presence of Management especially where the circumstances warrant such meetings. The Board is of the view that it is not necessary to pre-arrange formal sessions of such meetings. During the financial year under review, no member of Management was also an executive Director.

The lead independent Director also proposes and leads meetings of the independent Directors without the presence of the Chairman and non-independent Directors, as required. The lead independent Director will provide feedback to the Chairman after the conclusion of such meetings.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3 There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Separation of the role of Chairman and Chief Executive Officer

The offices of Chairman of the Board and Group CEO are held by separate individuals to maintain effective oversight and accountability at Board and Management levels. As Chairman of the Board, Mr Ng Win Kong Daryl bears responsibility for the workings of the Board. Mr Koh Chee Boon, as Group CEO, bears responsibility for the overall running of the Group's businesses. This division of responsibilities between the Chairman and the Group CEO is set out in writing in the Board's Terms of Reference.

There is no familial relationship between the Chairman, Mr Ng Win Kong Daryl, and the Group CEO, Mr Koh Chee Boon.

Mr Melvin Teo Tzai Win was the Company's Group CEO until 13 March 2020, before Mr Koh Chee Boon assumed that position. To ensure an orderly leadership transition, Mr Teo served as the Advisor to the Group from 14 March 2020 to 13 July 2020. There is also no familial relationship between the Chairman, Mr Ng Win Kong Daryl, and the former Group CEO, Mr Melvin Teo.

Roles and responsibilities of Chairman

The Chairman leads the Board to ensure its effectiveness on all aspects of its role. He ensures that the members of the Board receive accurate, clear and timely information, facilitates the contribution of non-executive Directors, encourages constructive relations between executive, non-executive Directors and Management, ensures effective communication with shareholders and promotes a high standard of corporate governance. The Chairman, in consultation with Management and the Company Secretary, sets the agenda for Board meetings and ensures that Board members are provided with adequate and timely information. As a general rule, Board papers are sent to Directors at least one (1) week in advance in order for Directors to be adequately prepared for the respective meetings. Key management personnel who have prepared the papers, or who can provide additional insights into the matters to be discussed, are invited to present the papers during the Board meetings.

At AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

The Board is of the view that the Company has an effective group of independent non-executive Directors to provide balance within the workings of the Board and oversight for minority shareholders' interests.

Lead independent Director

Taking cognisance that the Chairman of the Board is not an independent Director, the Board has appointed Mr S. Chandra Das as lead independent Director on 1 November 2005 to serve as a sounding board for the Chairman of the Board and also act as an intermediary between the non-executive Directors and the Chairman.

Shareholders with concerns may contact the lead independent Director, Mr Das, directly, when contact through the normal channels via the Chairman or other management personnel has failed to provide satisfactory resolution, or when such contact is inappropriate.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4 The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NC composition and role

The NC currently comprises four (4) Directors, namely, Mr S. Chandra Das (Chairman of NC and lead independent Director), Dr Lim Su Lin, Ms Luo Dan and Mr William Peter Adamopoulos. Save for Mr Adamopoulos, all three (3) members are independent Directors. During the financial year under review, Dato' Mohamed Nizam bin Abdul Razak, an Independent & Non-executive Director, stepped down as a member of the NC.

The NC is guided by its written Terms of Reference which specifically sets out its authority and responsibilities. The principal roles of the NC are to review and make recommendations to the Board on relevant matters relating to:

- i. Board succession plans for Directors including the Chairman and Group CEO;
- ii. development of a process and objective criteria for evaluating the performance of the Board and Board committees and the contribution of each Director;
- iii. the determination of the independence of Directors at least annually, and as and when circumstances require;
- iv. training and professional development programmes for the Board and its Directors, including ensuring that new Directors are aware of their duties and obligations; and
- v. nominations of candidates for the appointment or re-appointment of members of the Board of Directors and the members of the various Board committees.

During the financial year under review, the NC held one (1) scheduled and one (1) non-scheduled meeting.

Progressive renewal of the Board

Periodic reviews of the Board composition, including the selection of candidates for new appointments to the Board, are made by the NC in consultation with the Chairman as part of the Board's renewal process. Candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. The selection of candidates is evaluated, taking into account various factors including the current and mid-term needs and objectives of the Group, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations. In enhancing the Board's competency, three (3) new non-executive Directors joined the Board during the financial year under review.

At each AGM, one third of the Directors, including the Group CEO if he/she also serves on the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third), shall retire from office by rotation in accordance with the Constitution, and may stand for re-election. Directors appointed by the Board during the financial year, without shareholders' approval at the AGM, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM. They are not counted in the number of Directors to retire by rotation at the AGM. The NC considers the present provisions adequate and does not recommend any change.

The NC takes into consideration for the re-nomination of Directors for the ensuing term of office factors such as attendance, preparedness, participation and candour at meetings of the Board and Board committees. All Directors are required to submit themselves for re-nomination at regular intervals and at least once every three (3) years.

NC to determine Directors' independence

The NC deliberates annually, and as and when circumstances require, to determine the independence of a Director bearing in mind the provisions as set out in the 2018 Code as well as all other relevant circumstances. No member of the NC participated in the deliberation process in respect of his own status as an independent Director.

CORPORATE GOVERNANCE REPORT

Directors' time commitments

The responsibilities of the NC also include assessing annually whether Directors who hold multiple directorships adequately carry out their duties as Directors of the Company. The NC's assessments are based on Directors' declarations made annually and from time to time.

The Board considers an assessment of the individual Director's contribution at meetings to be more effective than prescribing a numerical limit on the number of listed company board seats which a Director may hold. In this respect, the Board has accordingly not set a maximum number of other company directorships which a Director may concurrently hold, taking into consideration that multiple representations can benefit the Group as these Directors bring to the Board greater depth and diversity of experience, knowledge and perspectives.

For the financial year under review, the NC is satisfied that all Directors on the Board have extensive management, financial, accounting, banking, investment and commercial backgrounds, who are capable of acting responsibly and are able to properly serve on the Board and any of the Board committees to which such Directors are appointed, despite competing commitments and demands on their time.

The listed company directorships and principal commitments of each Director are provided in the "**Profile of the Board of Directors**" section of the Annual Report.

Appointment of alternate Director

No appointments of alternate Directors were made in the financial year under review.

Process for the selection, appointment and re-appointment of Directors

The NC is responsible for screening, identifying and selecting candidates for appointment as new Directors after having regard to the composition and progressive renewal of the Board, and how the prospective Director will fit in the overall competency matrix of the Board.

When a need for a new Director arises either to replace a retiring Director or to enhance the Board's competency, the NC, in consultation with the Board, shall evaluate and determine the selection criteria so as to identify candidates with the appropriate experience and expertise for the appointment as a new Director. The selection criteria include attributes such as integrity, diversity of competencies, industry knowledge and financial literacy. The NC seeks potential candidates widely and beyond Directors'/Management's recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

The NC then meets with the shortlisted candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as a new Director.

During the financial year under review, the following three (3) new Directors were appointed: Mr William Peter Adamopoulos and Mr Jonathan James Yong Ze Ng were appointed as Non-independent & Non-executive Directors, while Mr Mohamad Halim Bin Merican was appointed as an Independent & Non-executive Director.

Key information on Directors

A description of the background of each Director is provided in the "**Profile of the Board of Directors**" section of the Annual Report.

None of the Directors holding office at the end of the financial year under review held shares in the Company and/or subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

The names of the Directors who are seeking re-election at the forthcoming AGM in April 2021 are provided in the Notice of AGM in this Annual Report. Pursuant to the requirements of the Listing Manual, additional information required under Appendix 7.4.1 of the Listing Manual for Directors seeking re-election at the forthcoming AGM are provided in the “**Profile of the Board of Directors**” and “**Supplemental Information on Directors Seeking Re-Election**” sections of the Annual Report.

Board Performance

Principle 5 The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board evaluation process

The NC evaluates the Board and its Board committees as a whole bearing in mind that each member of the Board contributes in various ways to the success of the Company, and Board and Board committee decisions are made collectively.

To evaluate the performance of the Board as a whole and its ability to discharge its responsibilities in providing stewardship, corporate governance and oversight of Management’s performance, the NC has put in place a formal Board evaluation process for this purpose.

To facilitate the evaluation process, Directors are requested to complete evaluation questionnaires annually to assess the effectiveness of the Board and its Board committees. To ensure confidentiality, the evaluation questionnaires completed by the Directors are submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review. The results of the performance evaluation are then presented first to the Chairman and then to the Board for consideration. The Board will then act on the results where appropriate.

Following the evaluation for the financial year under review, the Board is of the view that the Board and its committees operate effectively and each Director has contributed to the overall effectiveness of the Board in meeting performance objectives.

Board evaluation criteria

To assess the Board’s and Board committee’s performance, the NC has established a set of objective assessment criteria such as the size of the Board, the degree of independence of the Board, information flow from Management, and adequacy of the Board and committees’ meetings held to enable proper consideration of issues. This set of assessment criteria is the same as that used during the financial year ended 31 December 2019.

Annually, members of the Board are required to assess the Board by completing a Board Evaluation Questionnaire comprising the following objective performance criteria as recommended by the NC and approved by the Board:

- (a) Board Composition;
- (b) Board Information;
- (c) Board Process; and
- (d) Board Accountability.

The above performance criteria will be reviewed by the NC and the Board from time to time, where appropriate. The Board is of the opinion that a criterion such as share price performance is not appropriate for assessment of non-executive Directors’ and the Board’s performance as a whole.

Evaluation of individual Directors

The NC considers factors such as each individual Director’s contribution, participation in discussions and commitment of their time to their role during its deliberations on the results of the performance evaluation of the Board and its committees, and also takes these factors into consideration during the Board renewal process.

CORPORATE GOVERNANCE REPORT

Other factors taken into consideration by the NC, when determining whether or not to recommend an existing Director for re-appointment include the value of contribution to the development of strategy, availability at Board meetings (as well as informal contribution via electronic mail and telephone), degree of preparedness, industry and business knowledge, and the experience each Director possesses which are crucial to the Group's business.

For the financial year under review, the Board is of the view that each member of the Board has performed efficiently and effectively for the Board to function collectively as a whole.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6 The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

RC composition and role

The RC currently comprises five (5) independent & non-executive Directors, namely, Mr Sitoh Yih Pin (RC Chairman effective 1 January 2020), Mr S. Chandra Das, Ms Luo Dan, Ms Goi Lang Ling Laureen and Mr Mohamad Halim Bin Merican.

The members of the RC are experienced and knowledgeable in the field of executive compensation having large organisations management experience. In addition, they have access to the Company's Human Resource personnel should they have any queries on human resource matters.

The RC is guided by its written Terms of Reference, which specifically sets out its authority and responsibilities. The principal roles of the RC include:

- i. reviewing and recommending to the Board the fees of the non-executive Directors;
- ii. reviewing and making recommendations to the Board on executive Directors' (if any) and the Group CEO's remuneration packages; and
- iii. recommending the quantum of performance bonus pool and share-based incentives for the Group CEO and key employees.

During the financial year under review, the RC held three (3) scheduled meetings.

Remuneration framework

The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual directors and key management personnel. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progression policies.

The RC recommends for the Board's endorsement a framework of remuneration which covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each Director. The determination of the remuneration of the Directors is a matter for the Board as a whole. Directors do not participate in decision-making in determining their own remuneration. Directors' fees are subject to shareholders' approval at the AGM.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him.

CORPORATE GOVERNANCE REPORT

RC's access to external expert advice on remuneration matters

If the RC requires external professional advice on remuneration matters, such professionals will be engaged at the Company's expense. For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors.

Service contracts

The RC reviews the Company's obligations arising in the event of termination of the executive Directors' (if any) and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration

Principle 7 The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration of key management personnel

The Company adopts a remuneration policy for staff that is primarily performance based. Remuneration comprises a fixed and a variable component. The fixed component consists of a base salary and fixed allowance. The variable component is in the form of a variable bonus that is linked to the Company's and the individual's performance. The remuneration policy also takes into account the need to attract, retain and motivate key management personnel to successfully manage the Company for the long-term and for Directors to provide good stewardship of the Company.

During the financial year under review, the Company had in place a short-term performance bonus plan based on a balanced scorecard comprising financial and non-financial key performance indicators ("KPI") that has been approved by the RC and the Board at the beginning of the year.

The Company previously had in place a long-term share-based incentive plan (known as the YHS Share Incentive Plan) which was approved and adopted by members of the Company at the Extraordinary General Meeting held on 26 April 2010 but which has since expired. The Company will propose the adoption of a new plan (to be known as the Yeo Hiap Seng Limited Share Incentive Plan) at the forthcoming AGM in April 2021, to succeed the expired YHS Share Incentive Plan. The new Yeo Hiap Seng Limited Share Incentive Plan is intended to provide an opportunity for employees and directors of the Group and its associated companies (all as defined therein) who have contributed to the growth and performance of the Group and who satisfy the eligibility criteria as set out under the rules of the plan, to participate in the equity of the Company, thereby aligning the interests of such persons with that of shareholders. The RC will be the committee responsible for the administration of this new share plan.

When reviewing the remuneration package of the Group CEO, the Company makes a comparative study of the remuneration packages of chief executive officers in comparable industries and takes into account the performance of the Company and that of the Group CEO. The remuneration package of the Group CEO is made up of fixed and variable components. The fixed remuneration comprises annual basic salary, fixed allowances and where applicable, a one-off sign-on bonus. The variable component is subject to individual performance and the achievement of the Company's business goals, and is subject to the discretion of the Board.

The employment contract for the Group CEO does not have fixed-term tenure and does not contain onerous removal clauses.

CORPORATE GOVERNANCE REPORT

Remuneration of non-executive Directors

Non-executive Directors have no service contracts with the Company and their terms are specified in the Constitution. Non-executive Directors are paid a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of non-executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account.

The Chairman and members of the ARC receive higher additional fees to take into account the nature of their responsibilities. The aggregate fees of the non-executive Directors are subject to the approval of the shareholders at the AGM.

Director fees and additional fees for serving on Board committees and attendance fees are paid to non-executive Directors in accordance with the following framework:

Fee Structure	Financial Year 2020 S\$
Chairman (Flat Fee)	350,000
Deputy Chairman & Lead Independent Director ¹	60,000
Non-executive Directors – Basic Fee	49,500 ²
Audit & Risk Committee – Chairman	40,000
Audit & Risk Committee – Member	20,000
Other Committee – Chairman	20,000
Other Committee – Member	12,000
Attendance Fee for meetings in Singapore ³	1,000
Attendance Fee for meetings outside of Singapore ³	2,000

Annotations:

- 1 Exclusive of S\$60,000 for appointment as Chairman of YHS (Singapore) Pte Ltd, the Company's wholly-owned subsidiary, which is payable by this subsidiary.
- 2 Represents a 10% reduction in the basic fee payable to Non-executive Directors for the financial year ended 31 December 2020 (compared to \$55,000 for the previous financial year) in consideration of the economic downturn brought upon by the COVID-19 pandemic.
- 3 Attendance fees are payable on a per day basis, regardless of the number of meetings held on the same day.

Contractual provisions to reclaim incentive components of remuneration

The Company does not use contractual provisions to allow itself to reclaim incentive components of remuneration from its executive Directors (if any) and key management personnel in exceptional circumstances of misstatements of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself of remedies in the event of any breach of fiduciary duties by a Director or for any misconduct by management staff in the performance of their duties to the Company.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8 The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration report

The Company does not include an annual remuneration report in this Report as the matters required to be disclosed therein have been disclosed in this Report, the Directors' Statement and the Notes to the Financial Statements.

The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and Directors' remuneration. Accordingly, it is the opinion of the Board that there is no necessity for such policies to be approved by shareholders.

Remuneration of individual Directors

Non-executive Directors' fees as shown in the table below relate to services rendered in respect of the financial year ended 31 December 2020 ("FY2020"). Payment of the Directors' fees for FY2020 is subject to approval by shareholders at the forthcoming AGM in April 2021.

Non-executive Directors	Directors' Fees (FY2020) S\$
Ng Win Kong Daryl ¹	350,000 (waived)
S. Chandra Das ²	169,500
Chin Yoke Choong	94,500
Sitoh Yih Pin	96,500
William Peter Adamopoulos ³	29,826
Goi Lang Ling Laureen ⁴	80,171
Lim Su Lin	67,500
Luo Dan ⁵	75,503
Mohamad Halim Bin Merican ⁶	28,656
Jonathan James Yong Ze Ng ⁷	21,695
Dato' Mohamed Nizam bin Abdul Razak ⁸	31,474

Annotations:

- Mr Ng 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.
- Exclusive of S\$60,000 for appointment as Chairman of YHS (Singapore) Pte Ltd, the Company's wholly-owned subsidiary, which is payable by this subsidiary.
- Pro-rated in accordance with Mr Adamopoulos' respective appointments as Non-independent & Non-executive Director on 14 July 2020 and member of NC on 13 August 2020.
- Pro-rated in accordance with Ms Goi's appointment as ARC member on 2 June 2020.
- Pro-rated in accordance with Ms Luo's appointment as NC member on 2 June 2020.
- Pro-rated in accordance with Mr Merican's respective appointments as Independent & Non-executive Director on 30 July 2020 and member of RC on 13 August 2020.
- Pro-rated in accordance with Mr Jonathan Ng's respective appointments as Non-independent & Non-executive Director on 10 September 2020 and member of ARC on 25 September 2020.
- Pro-rated in accordance with Dato' Nizam's term in office from 1 January 2020 to 11 May 2020.

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Remuneration of Group CEO and key management personnel

The remuneration of the Group CEO for FY2020 is as follows:

Group CEO/Advisor	Total Gross Remuneration S\$	Fixed Salary ⁽¹⁾ %	Variable Bonus ⁽²⁾ %	Benefits-in-kind & Others ⁽³⁾ %
Melvin Teo Tzai Win ⁽⁴⁾	705,349	81.6	0.0	18.4
Koh Chee Boon ⁽⁵⁾	1,445,429	50.3	0.0	49.7

Annotations:

- Fixed Salary refers to base salary and fixed allowances, where applicable.
- Variable Bonus refers to cash bonuses awarded for performance for the financial year ended 31 December 2020.
- Benefits-in-kind & Others are stated on the basis of direct costs to the Group and is inclusive of payments in respect of the company (employer) statutory contributions to the Singapore Central Provident Fund, Malaysia Employees Provident Fund, tax equalisation, car benefits, children's education, mobile phone allowance, club membership, housing rental, sign-on bonus and others, where applicable.
- Mr Melvin Teo Tzai Win's tenure as Group CEO ended on 13 March 2020. Mr Teo was appointed as Advisor to the Group from 14 March 2020 until 13 July 2020.
- Mr Koh Chee Boon was appointed as Group CEO (Designate) on 14 January 2020 and up to 13 March 2020. From 14 March 2020 onwards, Mr Koh was appointed as Group CEO.

The remuneration of the key management personnel (excluding the Group CEO) for FY2020 is as follows:

Key Management Personnel	Designation	Fixed Salary ⁽¹⁾ %	Variable Bonus ⁽²⁾ %	Benefits-in-kind & Others ⁽³⁾ %
Remuneration Band \$300,000 to \$550,000				
Sueann Lim	Executive Vice President, Research & Development, Quality Assurance			
Lu Lu ⁽⁴⁾	CEO, Singapore, Greater China & Group Chief Growth Officer	80.5	0.0	19.5
Jerson Go Uy ⁽⁵⁾	CEO, Malaysia, Indonesia & Brunei			
Tan Kay Yong ⁽⁶⁾	CEO, Supply Business			
Remuneration Band \$50,000 to \$299,999				
Koo Liang Kwee ⁽⁷⁾	Senior Vice President, Group Finance			
Cyndi Pei ⁽⁸⁾	Senior Vice President, Group Finance and Group Financial Controller	89.8	0.0	10.2
Kam, Min Ho Andrew ⁽⁹⁾	Deputy CEO, HK & China			

The aggregate remuneration paid or payable to the above KMP in the financial year under review was S\$2,271,950.

Annotations:

- Fixed Salary refers to base salary and fixed allowances, where applicable.
- Variable Bonus refers to cash bonuses awarded for performance for the financial year ended 31 December 2020.
- Benefits-in-kind & Others are stated on the basis of direct costs to the Group and is inclusive of payments in respect of the company (employer) statutory contributions to the Singapore Central Provident Fund, Malaysia Employees Provident Fund, tax equalisation, car benefits, children's education, mobile phone allowance, club membership, housing rental, sign-on bonus and others, where applicable.
- Appointed on 1 May 2020.
- Appointed on 20 April 2020.
- Appointed on 20 April 2020 and left employment on 20 November 2020.
- Appointed on 12 August 2020.
- Left employment on 17 August 2020.
- Left employment on 31 March 2020.

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Employees related to Directors/Group CEO/substantial shareholder

There were no employees of the Group who are substantial shareholders of the Company or are immediate family members of any of the Directors, the Group CEO or a substantial shareholder of the Company and whose remuneration exceeds S\$100,000 in the financial year under review.

Termination, retirement or post-employment benefits

No termination, retirement or post-employment benefits were granted to the Directors, the Group CEO or the key management personnel (who are not Directors or the Group CEO) during the financial year under review.

Link between remuneration and performance

The Company has in place a performance bonus plan. Each year, during the budget period, Management will propose a balanced scorecard (comprising financial and non-financial KPIs with different ascribed weightages) to the RC and the Board for consideration and approval. The scorecard will take into consideration all the critical items that the Group is to focus on for the financial year, including key multi-years' projects. The KPIs and weightages will differ depending on the function and geography of the different operating units.

During the financial year, the Group CEO evaluates *inter alia* the extent to which the above KPIs have been achieved based on the Company's performance, after taking into consideration market conditions during the year and benchmarking the Group's performance against peer performance, and recommends for the approval of the RC and the Board the bonus pool quantum for distribution. As part of the Company's continuing efforts to reward, retain and motivate the key management personnel, the total bonus awarded to the Group CEO and key employees may be paid in a combination of cash and deferred cash to further strengthen medium term alignment of the interests of such personnel with that of shareholders.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Compliance with legislative and regulatory requirements

The Company has in place a system of reporting to maintain compliance with statutory and regulatory reporting requirements.

In compliance with the Listing Manual, negative assurance statements were issued by the Board with each interim financial statement to confirm that to the best of its knowledge, nothing had come to its attention which would render the Company's interim financial statements false or misleading in any material respect.

As required under Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its Directors and executive officers where they each undertook to, in the exercise of their powers and duties as Directors and executive officers respectively, use their best endeavours to comply with the provisions of the Listing Manual.

Management's accountability for the provision of timely information to the Board

Management provides the Board with a regular flow of relevant information on a timely basis in order that it may effectively discharge its duties. All Board members are also provided with up to date financial reports and other information on the Group's performance for effective monitoring and decision-making.

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Management also provides all members of the Board with unaudited results with explanatory notes which present a balanced and understandable assessment of the Company's performance, financial position and prospects on a quarterly basis. Following changes to the Listing Manual which took effect from 7 February 2020, the Company announced on 27 February 2020 that moving forward, it would not be announcing its unaudited financial results on a quarterly basis but would instead announce its financial results on a semi-annual basis. With respect to the financial year under review, the Company announced the financial results of the Group and the Company on a semi-annual basis and disclosed other relevant material information such as updates on the Group's operations (including profit guidance, where applicable) due to supply chain disruptions and movement control orders and other measures implemented by authorities in the Group's markets due to the COVID-19 pandemic, via SGXNET to the shareholders.

Management would also highlight key business indicators and any major issues that are relevant to the Group's performance as and when appropriate in order for the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk management and internal control systems

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. The Board is primarily responsible for the governance of risk, including determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Group has established a comprehensive risk management framework approved by the ARC which oversees and ensures that the systems of risk management and internal controls are being appropriately designed, implemented and closely monitored for its adequacy and effectiveness.

The Company has also instituted and put in place across the Group policies on Code of Conduct, Dealing in Securities and Whistleblowing to mitigate the risk of fraud, corruption and misconduct involving employees.

The identification and management of financial risks are outlined in the "Notes to the Financial Statements" section of the Annual Report.

The main operational risks of the Group and a description of how they are being managed or mitigated are as follows:

- i. risk of product contamination and compromised product integrity in the manufacturing process. The Group has established a strong Group Research & Development and Quality Assurance Centre in Singapore which oversees and monitors product integrity and manufacturing processes across the Group;
- ii. risk of an inadequate Business Continuity Plan ("BCP") which is essential for the continuation of key processes to recover from unexpected business interruptions. The Group has a BCP to recover from natural and/or man-made disasters;
- iii. risk of loss of relevance of the Group's products to consumers as a result of changing consumer lifestyles and preferences. The Group has been continuously conducting environmental scans to identify threats from competitors as well as emerging consumer trends, and conducting research on products with potential to ensure that the Group's products and product range continue to meet expectations of consumers;
- iv. change in operational conditions including raw material price fluctuations and labour issues that affect the cost of doing business. To avoid over-dependence on any one supplier or service provider, the Group has a policy to have more than one supplier or service provider where practicable. The Group will monitor and judiciously lock in raw material prices where appropriate and possible in order to manage raw material costs;

CORPORATE GOVERNANCE REPORT

- v. economic conditions in markets where the Group operates may be uncertain which inevitably subjects it to financial risks arising from foreign exchange and commodity price volatilities. Policies and procedures addressing these areas have been established throughout the Group to mitigate these risks;
- vi. loss of capacity at any particular plant within the Group due to unforeseen circumstances that affects the supply of products and the business of the Group. The Group, where possible, will have more than one manufacturing site or a third-party contract manufacturer to serve as back-up to cushion the impact;
- vii. core operational disruptions and data breaches from cyber-attacks resulting in reputational damage due to weaknesses in IT security systems. The Group reviewed its cyber security measures and has an off-site recovery centre, an IT recovery plan and manual back-up procedures to mitigate the impact of cyber-attacks;
- viii. risk of disruptions due to departure of key management personnel. The Group has a compensation scheme that seeks to attract and retain talent and prepares for succession of key appointment holders;
- ix. risk of intense competition in the markets that the Group operates in. The Group constantly stays ahead of market developments to calibrate its strategies and investments to mitigate against risks which may arise, or to capitalise on opportunities that present themselves;
- x. water and utilities disruptions in production can significantly impact the Group's supply chains, operations and production. The Group has installed back-up water tanks for supply to critical production lines and deployed Uninterrupted Power Supply systems for its critical key processes to ensure business continuity in the event of any supply disruptions; and
- xi. operating in a global environment, the Group is exposed to changing regulations and applicable laws in jurisdictions where it has a business presence. The Group monitors and keeps itself updated with the latest changes to ensure regulatory compliance.

Adequacy and effectiveness of risk management and internal control systems

The Company's internal auditors review the implementation of the policies and procedures adopted for risk management and internal control, and report their findings to the ARC to provide check and balance.

The Company's external auditors carry out, in the course of the statutory audit, an assessment of the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, and highlight any material internal control weaknesses that have come to their attention during the conduct of their normal audit procedures, which are designed primarily to enable them to express an opinion on the financial statements. Any material internal control weaknesses identified by the external auditors during their audit and their recommendations are reported to the ARC.

On a quarterly basis, the ARC conducts a review of the Company's risk management and internal controls systems to ensure that the systems in place are adequate and effective to address the Company's significant risk areas and credit risks.

Board's comment on the adequacy and effectiveness of internal controls

For the financial year under review, the Board was assured by the Group CEO and the Senior Vice President, Group Finance that the financial records had been properly maintained, the financial statements gave a true and fair view of the Group's operations and finances, and the Group's internal controls and risk management systems were adequate and effective.

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Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the assurance furnished by the Group CEO and the Senior Vice President, Group Finance and reviews performed by Management and various Board committees, the Board with the concurrence of the ARC is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2020 to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

For the year under review, no material weaknesses in the systems of risk management and internal controls were identified by the Board or the ARC. In any case, areas for improvement have been identified and measures have been put in place to strengthen the systems of risk management and internal controls.

Internal controls, because of their inherent limitations, can only provide reasonable but not absolute assurance in the achievement of their internal control objectives. The Board is satisfied that if significant internal control failures or weaknesses were to arise, Management would take all necessary actions to remedy them.

Separate risk committee

Oversight of the Group's risk management framework and policies is under the purview of the ARC, which is aided by the Group Risk Management function and the internal auditors. Having considered the Group's business operations as well as its existing internal controls and risk management systems, the Board is of the opinion that a separate risk committee is not required for the time being.

Audit Committee

Principle 10 The Board has an Audit Committee which discharges its duties objectively.

ARC composition

The ARC currently comprises five (5) non-executive Directors, namely, Mr Chin Yoke Choong (Chairman of ARC), Mr S. Chandra Das, Mr Sitoh Yih Pin, Ms Goi Lang Ling Laureen and Mr Jonathan James Yong Ze Ng. Save for Mr Jonathan Ng, the other four (4) members of the ARC are independent Directors. During the financial year under review, Dato' Mohamed Nizam bin Abdul Razak, who was an Independent & Non-executive Director, stepped down from his position as a member of the ARC.

The ARC is guided by its written Terms of Reference, which specifically sets out its authority and responsibilities.

During the financial year under review, the ARC held four (4) scheduled meetings.

Expertise of ARC members

The ARC members bring with them professional expertise and experience in the field of accounting and financial management. The Chairman of the ARC, Mr Chin Yoke Choong served as the Managing Partner of KPMG Singapore from 1992 to 2005. Mr Sitoh Yih Pin is a chartered accountant. The background of each ARC member can be found in the "**Profile of the Board of Directors**" section of the Annual Report.

The NC is of the view that the members of the ARC have sufficient recent and relevant financial management expertise and experience to discharge the ARC's functions.

Roles, responsibilities and authority of the ARC

The ARC has full access to and co-operation from the Company's Management and the internal auditors, and has full discretion to invite any Director or executive officer to attend its meetings. The Group CEO, at the invitation of the ARC, participates in the ARC's deliberations.

CORPORATE GOVERNANCE REPORT

The ARC performs the following main functions:

- i. reviewing with the external auditors their audit plan, audit reports, significant financial reporting issues and judgements (to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance), the nature, extent and costs of non-audit services and any matters which the external auditors wish to discuss;
- ii. reviewing and reporting to the Board at least annually the scope and results of internal audit procedures and its evaluation of the adequacy and effectiveness of the overall internal controls and risk management systems;
- iii. reviewing the assurance from the Group CEO and Senior Vice President, Group Finance on the financial records and financial statements;
- iv. reviewing and recommending to the Board for approval the financial statements and full-year financial results and related SGXNET announcements;
- v. reviewing and approving the appointment, re-appointment, remuneration or the dismissal of the internal auditors and the adequacy, independence, scope and effectiveness of the internal audit function;
- vi. reviewing the adequacy, effectiveness, independence, scope and results of the external audit, and the independence and objectivity of the external auditors;
- vii. recommending to the Board (i) the appointment, re-appointment or change of the external auditors, taking into consideration (where applicable) the scope and results of the audit and their cost effectiveness, and (ii) their remuneration and engagement terms;
- viii. assisting the Board in the oversight of risk management, including reviewing and recommending to the Board on an annual basis the type and level of business risks that the Group should undertake to achieve its business objectives, the appropriate framework and policies for managing risks that are consistent with the Group's risk appetite, the risk tolerance levels for the Group's key risks to ensure that there is clarity on the thresholds within which the Group should operate, and the adequacy of resources required to carry out its risk management functions effectively;
- ix. reviewing interested person transactions to consider whether such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, and (where applicable) to issue a statement on the views expressed and to recommend to the Board appropriate actions to be taken depending on the classification of the transactions in accordance with the Listing Manual;
- x. reviewing the whistleblowing policy and arrangements for staff to raise concerns and improprieties in confidence, and ensure that these arrangements allow independent investigation of such matters and appropriate follow up action;
- xi. reviewing improper activities, suspected fraud or irregularities, discussing such matters with the external auditors and reporting to the Board, where necessary; and
- xii. performing any other functions which may be agreed by the ARC and the Board.

The ARC has the power to investigate any matter brought to its attention and any matters within its Terms of Reference. It also has the power to seek professional advice at the Company's expense.

Where relevant, the ARC makes reference to the best practices and guidance in publications such as the Guidebook for Audit Committees in Singapore jointly issued by ACRA, the Monetary Authority of Singapore ("**MAS**") and SGX, the Guidance to Audit Committees on ACRA's Audit Quality Indicators Disclosure Framework, practice directions issued from time to time in relation to Financial Reporting Surveillance Programme administered by ACRA, and the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council.

In its review of the financial statements, the ARC discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements reported under key audit matters in the independent auditors' report, both of which can be found in the "**Financial Statements**" section of the Annual Report.

Having reviewed the audit plans (internal and external) and the adequacy and effectiveness of the Group's systems of risk management and internal controls, the ARC is satisfied with Management's processes, disclosures in the financial statements and report of the external auditors.

CORPORATE GOVERNANCE REPORT

Following the review and discussions, the ARC will then recommend to the Board where appropriate the release of the full-year financial statements.

Minutes of the ARC meetings are routinely tabled at Board meetings for the Directors' information.

External and internal auditors

The ARC recommends to the Board the appointment, re-appointment or change of the external auditors, and their remuneration and terms of engagement. The appointment of the external auditors is subject to shareholders' approval at each AGM of the Company.

The ARC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

For the financial year under review, the ARC held a meeting with the external and internal auditors without the presence of Management.

Independence of external auditors

The ARC reviews the independence and objectivity of the external auditors through discussions with the external auditors, as well as an annual review of the volume and nature of non-audit services provided by the external auditors. The fees paid to the Group's external auditors are as disclosed in the table below:

External Auditors' Fees for FY2020	S\$'000	% of Total Fees
Audit Fees	641	97
Non-audit Fees	22	3
Total Fees	663	100

In the ARC's opinion, the non-audit services provided by the external auditors did not impair their objectivity and independence. Accordingly, the Company has complied with Rule 1207(6)(b) of the Listing Manual.

The Company has also complied with Rules 712 and 715 or 716 of the Listing Manual, as applicable, in relation to the Company's appointment of auditing firms. Where auditing firms other than the Company's external auditors are engaged as auditors by foreign-incorporated subsidiaries or associated companies, such foreign-incorporated subsidiaries or associated companies are not significant in the sense of Rule 718 of the Listing Manual.

Whistleblowing policy

The Group has put in place a whistleblowing framework, endorsed by the ARC, under which employees and other stakeholders of the Group may, in confidence, raise concerns about possible corporate irregularities in matters of financial reporting or other matters. Management provides quarterly updates to the ARC on whistleblowing reports, if any. The Group's whistleblowing reporting channel is posted on the Group's intranet and official website to encourage the reporting of any behaviour or action that might constitute a contravention of any rules/regulations/accounting standards as well as internal policies.

The Company treats all information received in strict confidence and protects the identity and the interest of all whistle-blowers. The anonymity of the whistle-blower will be maintained where so requested by the whistle-blower.

CORPORATE GOVERNANCE REPORT

ARC's activities and members' duty to keep abreast of changes to accounting standards

The primary role of the ARC is to assist the Board in ensuring the integrity of the Group's financial accounting system and that a sound internal control system is in place.

The ARC meets regularly with Management and the external auditors to review auditing and risk management matters and deliberate on accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit functions to ensure that an effective system of control is maintained by the Group.

During the financial year under review, the ARC reviewed the Company's financial results announcements before their submission to the Board for approval.

The ARC is kept abreast by Management and the external auditors of changes to the financial reporting standards, Listing Manual and other regulations and issues which have a direct impact on the Group's business and financial statements.

Cooling-off period for partners of the Company's auditing firm

None of the ARC members were previous partners or directors of the Company's existing external auditors, KPMG LLP, within the period of two (2) years commencing on the date of their ceasing to be a partner or director of KPMG LLP. All ARC members do not have any financial interest in KPMG LLP.

Internal auditors and their function

The Company has appointed Deloitte Risk Advisory Sdn. Bhd. ("**Deloitte**") as the Company's internal auditors. Deloitte reports directly to the ARC.

The ARC assesses, at least annually, the adequacy and effectiveness of the internal audit function. Having regard to the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, and having reviewed the functions and organisational structure of Deloitte, the ARC is satisfied that Deloitte meets the requisite standards.

The ARC is satisfied that the Company's internal audit function is effective, adequately resourced, independent, and has appropriate standing within the Company.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11 The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Effective participation and voting by shareholders at general meetings

All shareholders are informed of shareholders' meetings through notices contained in annual reports and circulars disseminated to them. These notices are also published in the local press (unless such requirement is otherwise waived by the relevant regulatory authorities) and posted on SGXNET. Resolutions tabled at general meetings are voted by poll, the procedures and rules under which are clearly explained at such general meetings.

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend these general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and visions. Shareholders are also given opportunities to raise relevant questions or seek clarification on the motions before they are put to the vote.

CORPORATE GOVERNANCE REPORT

During the financial year under review, the Company's 64th AGM was deferred as a result of circuit-breaker measures introduced by the Singapore government in April 2020 to curb community spread of the coronavirus. The adjourned 64th AGM was subsequently convened and held by way of electronic means on 11 May 2020, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Ministerial Order**") and the checklist jointly issued by ACRA, MAS and Singapore Exchange Regulation, which gave guidance to listed and non-listed entities on the conduct of general meetings amid the evolving COVID-19 situation ("**Checklist**"). The Company's forthcoming 65th AGM in April 2021 will also be convened and held via electronic means pursuant to the Ministerial Order and the Checklist.

Separate resolutions at general meetings

Resolutions to be tabled at general meetings are separate for each substantially separate issue, unless they are interdependent and linked so as to form one significant proposal. Where resolutions are bundled, the reasons and material implications are explained in the notice of general meeting to enable shareholders to make an informed decision.

Voting by poll at general meetings

For greater transparency in the voting process, the Company has implemented electronic poll voting at general meetings of shareholders. Nevertheless, under the alternative arrangements for the conduct of general meetings convened and held pursuant to the Ministerial Order and the Checklist, shareholders may only vote by appointing the Chairman of the meeting as their proxy to vote on their behalf. The voting results of all votes cast for or against each resolution are made available at the meeting and subsequently announced to the SGX-ST after the meeting.

Provision 11.4 of the 2018 Code provides that an issuer's Constitution should allow for absentia voting at general meetings of shareholders. Our Constitution currently does not, however, permit shareholders to vote at general meetings in absentia (such as via mail, email or fax). The Company has not amended its Constitution to provide for absentia voting, as it could be costly to implement, bearing in mind that the Company would need to implement preventive measures to guard against errors, fraud and other irregularities. The Company is of the opinion that despite its deviation from Provision 11.4 of the 2018 Code, shareholders nevertheless have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For example, shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings.

Multiple proxies

Following the introduction of the multiple proxies regime under the amended Companies Act of Singapore, with effect from 3 January 2016 "relevant intermediaries" (such as banks and capital markets services licence holders which provide custodial services for securities) which are members of the Company, are able to appoint more than two proxies to attend, speak and vote at general meetings of shareholders of the Company. Accordingly and to facilitate effective participation in general meetings of shareholders, the Company has, at its 60th AGM held on 22 April 2016, adopted a new Constitution which contains new provisions that cater to the multiple proxies regime.

Attendees at general meetings

Members of the Board, the Chairman of each of the Board committees, senior management, the external auditors, legal advisors and Management are in attendance at general meetings of shareholders.

The external auditors who attend the Company's general meetings of shareholders are equipped to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Minutes of general meetings

The Company Secretary prepares the minutes of shareholders' meetings, which include substantive comments and queries from shareholders and the responses from the Board and Management. The Company published the minutes of its adjourned 64th AGM held on 11 May 2020 on its corporate website and on SGXNET on 27 May 2020.

CORPORATE GOVERNANCE REPORT

Dividend policy

Provision 11.6 of the 2018 Code provides that an issuer should have a dividend policy and communicate it to shareholders. The Company does not, however, have a stated policy of distributing a fixed percentage of earnings by way of dividend annually. Rather, in fixing a dividend for any year, the Company considers a number of factors including current and forecast earnings, internal capital requirements, growth options and the Company's debt/equity position. The Company is of the view that despite its deviation from Provision 11.6 of the 2018 Code, all shareholders are treated fairly and equitably to enable them to exercise their shareholders' rights. Shareholders have the opportunity to communicate their views on matters affecting the Company, including the dividend payout in any given year. Notwithstanding the absence of a stated dividend policy, shareholders are able to express their views to the Company on matters relating to dividends, whether this is done at AGMs or otherwise, and due consideration is given to such feedback.

Engagement with Shareholders

Principle 12 The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Communication with shareholders

In addition to regular dissemination of information through SGXNET, the Company also attends to general enquiries from shareholders, investors, analysts, fund managers and the press. The Company's investor relations policy allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. The Company has personnel with investor relations responsibilities to facilitate communication with shareholders, investors, fund managers, analysts, media and other stakeholders on a regular basis, to attend to their queries or concerns, as well as to keep the investing public apprised of the Company's corporate developments and financial performance.

Information on the Company and its businesses is also made available on the Company's website: www.yeos.com.sg.

Timely Information to shareholders

The Company is committed to providing a balanced and clear assessment of the Group's performance, financial position and prospects through timely reporting of its financial results. The Company's Annual Report and all financial results are accessible to the public on SGXNET and the Company's website. Although the Company has ceased quarterly reporting of its financial results in conjunction with changes to the Listing Manual which took effect from 7 February 2020, the Company will continue to keep shareholders updated on material developments relating to the Company and the Group, in compliance with its continuing disclosure obligations, as and when appropriate.

The Company does not practise selective disclosure of material information. Price or trade sensitive information is first publicly released before the Company meets with any group of investors or analysts. Financial results and other price or trade sensitive public announcements are presented by the Company through a balanced and understandable assessment of the Group's performance, position and prospects.

Sufficient information to shareholders

The Company's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Further, the Company also believes in providing sufficient and regular information to shareholders and the public beyond mere compliance with prevailing statutory or professional standards.

CORPORATE GOVERNANCE REPORT

Regular dialogue with shareholders

General meetings have been the principal forums for dialogue with shareholders. At these meetings, shareholders are given the opportunity to engage the Board and Management on the Group's activities, financial performance, other business-related matters and plans for the Group's development. Such meetings also allow the Company to gather views or inputs, and address shareholders' concerns. Nevertheless, due to the COVID-19 situation in Singapore and in order to minimise the risk of community spread of the coronavirus, in respect of the virtual general meetings convened and held pursuant to the Ministerial Order and the Checklist, although shareholders are not able to physically attend such meetings, they are able to submit questions to the Chairman of the meeting in advance of the meeting and such questions (if they are substantial and relevant to the agenda items of the meeting) will be addressed at or before the meeting.

Soliciting and understanding views of shareholders

Outside of the financial reporting periods, when necessary and appropriate, the Group CEO will meet analysts and fund managers who seek a better understanding of the Group's operations. The Group CEO similarly remains open to engage with local and foreign investors to garner feedback from the investor community on a range of strategic and topical issues, which will provide the Board with valuable insights on investors' views. When opportunities arise, the Group CEO will conduct media interviews to give shareholders and the investing public a profound perspective of the Group's business.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13 The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's stakeholders include employees, contractors and suppliers, government and regulators, community, shareholders and investors. The Company engages these stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company maintains a corporate website at www.yeos.com.sg to communicate and engage with stakeholders.

CODE OF CONDUCT

The Group has adopted a Code of Conduct to regulate the standards and ethical conduct of the Group's employees and other stakeholders (for example, vendors and other supply chain business partners) who are required to observe and maintain high standards of integrity.

DEALINGS IN SECURITIES

The Company has in place a Securities Dealings Policy (as may be amended from time to time) modelled to comply with the best practices guidance in Rule 1207(19) of the Listing Manual. Effective from 27 February 2020, the Company issues half yearly reminders to its Directors and employees on the restrictions in dealings in listed securities of the Company during the period commencing one month immediately preceding, and up to the time of announcement of, the Company's results for the half-year and the full financial year. Directors and employees are also reminded not to trade in listed securities of the Company at any time while in possession of unpublished price sensitive information, and to refrain from dealing in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

No material contracts were entered into by the Company or any of its subsidiaries involving the interests of the Group CEO, any Director or controlling shareholder and either (i) still subsisting at the end of the financial year under review or (ii) entered into since the end of the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year under review which fall under Chapter 9 of the Listing Manual are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
		2020 S\$
<u>Far East Organization Group</u>	Associate of controlling shareholder	
Sale of goods		273,077
Purchase of services		523,135
<u>Ng Teng Fong Charitable Foundation Limited</u>	Associate of controlling shareholder	
Sale of goods		190,375

The Company does not have any shareholders' mandate for interested person transactions.

SUSTAINABILITY REPORT

CREATING A SUSTAINABLE FUTURE

YHS SUSTAINABILITY VALUES:

B-U-I-L-D

Our approach to sustainable development of our business is guided by our sustainability values:

Business excellence with sustainability in mind

Unity as one team in pursuing sustainability goals

Integrity, honesty and fairness to all stakeholders

Loyalty and commitment to sustainability goals

Diligence, pride and passion

Yeo Hiap Seng Limited ("YHS")'s sustainability report details our environmental, social and governance ("ESG") performance for the calendar year 2020.

SUSTAINABILITY AT THE FOREFRONT

In 2020, we celebrated our 120th anniversary and we appreciate what it takes to build a sustainable fast moving consumer goods ("FMCG") business – YHS' strong commitment to sustainability across its businesses for continuous growth and value creation for all our stakeholders.

Our sustainability vision is embedded in our business and operational strategy underpinned by our values. We conduct our businesses in a fair and responsible manner backed by robust governance structures; optimise the use of resources in delivering high quality products to our consumers; seek continual improvement to minimise environmental footprint; innovate continuously to delight our consumers with healthier and high quality consumption choices; and contribute to local communities.

This pursuit for sustainability excellence is backed by our sustainability values that emphasise integrity, diligence as well as unity across functions as we stay committed to achieving our sustainability goals.

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

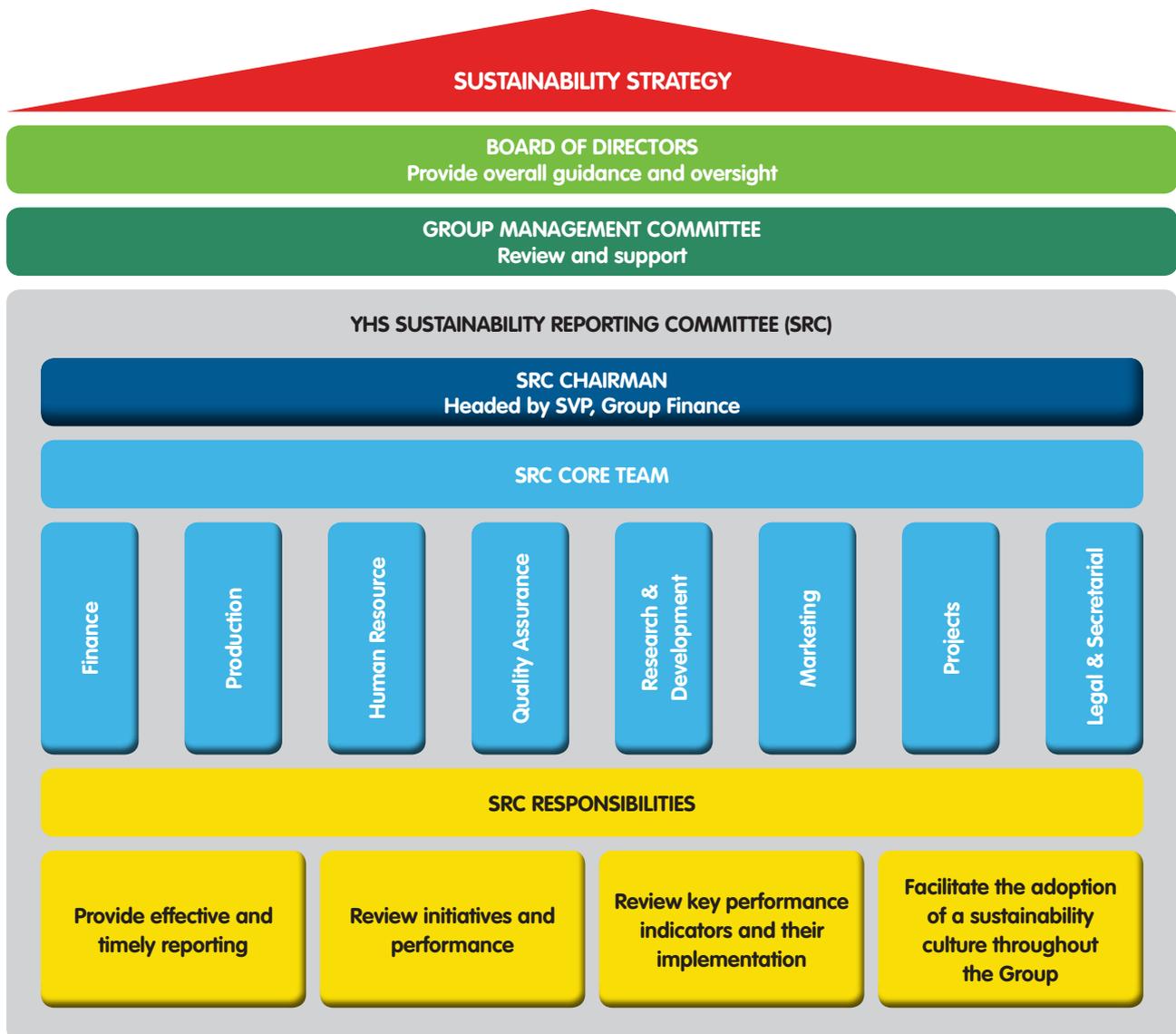
GROUP OVERVIEW

SUSTAINABILITY MANAGEMENT

At YHS, the Board of Directors has oversight of the Group's sustainability strategy. The Board's responsibilities include providing guidance on the material ESG factors that impact the Group's activities. In managing the sustainability strategy, the Board is assisted by the Sustainability Reporting Committee ("SRC") which is headed by the Senior Vice President, Group Finance and reports to the Group Management Committee.

Reporting Process

YHS' SRC is represented by the Heads of Departments from major functions and provides the overall direction for preparing the report.



While we have not sought independent assurance, we rely on our internal processes to verify the accuracy of ESG performance data and the information presented in the report.

SUSTAINABILITY REPORT

Stakeholder Engagement

Stakeholder engagement is key to our sustainability strategy and we recognise that our actions can impact our stakeholders' assessment of our performance. Our selection of stakeholders is determined by the influence, dependency, representation and proximity between the stakeholders and our businesses, as well as our responsibility towards them.

Stakeholder Groups

At YHS, we have categorised our stakeholders into six groups and engaged them as follows:

	Significance	Key Topics & Concerns	Engagement Platforms
Employees	Human capital is our most valuable asset and we are committed to investing in the development of our people. We create a performance-led culture with learning opportunities where our people can develop and grow.	<ul style="list-style-type: none"> • People development • Safe and healthy work environment • Engaging employment experience 	<ul style="list-style-type: none"> • Intranet/ Circulars / Newsletter • Email communication • Briefings / Trainings • Town halls
Suppliers	Strong and effective relationships with our suppliers give our businesses strategic advantages, including better value. By effecting stringent procurement processes, we foster an ethical culture and comply with all legal requirements.	<ul style="list-style-type: none"> • Responsible business practices • Governance and compliance structure 	<ul style="list-style-type: none"> • Face-to-face and/or virtual meetings • Email communication
Customers/ Retailers	We are committed to keeping abreast of consumer trends and preferences, as well as research and development initiatives to continually improve our range of products to better meet consumers' needs for high quality, healthier and innovative offerings.	<ul style="list-style-type: none"> • Product quality • Understanding consumer needs • Innovation and creation 	<ul style="list-style-type: none"> • Corporate website • Product campaigns • Social media channels
Government/ Regulators/ Activists	Governments and regulations can affect how businesses are run and create new challenges and opportunities for us. We keep a close eye on topics of concern to governments, regulatory bodies and activist groups wherever we operate. In our key markets, we also engage with the regulators regularly to understand their concerns and to provide our feedback.	<ul style="list-style-type: none"> • Compliance with laws and regulations • Opportunities for collaboration 	<ul style="list-style-type: none"> • Regulatory filings • Meetings and dialogues

SUSTAINABILITY REPORT

	Significance	Key Topics & Concerns	Engagement Platforms
Investors	Our investors believe firmly that a sustainable business approach is important in creating long-term value for the company.	<ul style="list-style-type: none"> • Relevant disclosure to shareholders • Business strategy • Economic and financial performance 	<ul style="list-style-type: none"> • Annual general meeting • Annual report • Corporate website and communications
Local Communities	As active members of our communities, we aim to contribute towards their continued well-being.	<ul style="list-style-type: none"> • Sustainable development of our communities 	<ul style="list-style-type: none"> • Corporate social responsibility events

MATERIALITY ASSESSMENT

In our materiality assessment, we have identified 20 ESG topics that are relevant to us. We have re-assessed the six material topics we have reported in the prior year and confirmed that they remained in relevance based on the significance of the ESG factors, their impact on the businesses, and the degree of influence they have on stakeholders’ decision. The 20 relevant ESG topics are presented below with the six material topics highlighted in bold print.



SUSTAINABILITY REPORT

OUR MATERIALITY TOPICS

From the 20 ESG topics identified, we shortlisted six material topics to be reported as they are the most relevant to the business. The rest of the topics remain important and we will look to build on them further down our sustainability journey.

SIX MATERIAL TOPICS SHORTLISTED



SUSTAINABILITY REPORT

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (“SDGs”) are the blueprint by the United Nations to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.

Our material topics are mapped to several Sustainable Development Goals, ensuring that our sustainability efforts are aligned to the broader goals of the United Nations.

Yeo’s Sustainability Thrusts	Related Material Topics	Related SDGs	Approach
Protecting Our Environment	Water Management		We are committed to seek innovative water management solutions – including water saving and recycling initiatives – as part of our overall water stewardship efforts and practices in our production facilities.
	Effluents and Waste	 	We are focused on achieving effective management and reduction of our waste, including the by-products generated from the manufacturing processes in our factories.
Caring for Our People	Occupational Health and Safety	 	We place the utmost priority on maintaining a culture of safety amongst all our employees and enforce robust safety policies and practices to mitigate safety risks.
Caring For Our Consumers	Product Quality and Safety	 	In the Food and Beverage business, ensuring the health and safety of our consumers is our top priority, and we have put in place stringent controls on our procurement and manufacturing processes to safeguard product quality and safety.
Leading Our Marketplace	Economic Performance		We believe in creating long term economic value for our investors and further distributing the economic value to other stakeholders including our employees through wages, government through taxes, investors through dividends, suppliers through purchases and communities through corporate social responsibility initiatives.
	Corporate Governance		We maintain a strong corporate governance and control environment in order to operate as a responsible corporate entity with a focus on sustainability. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

SUSTAINABILITY REPORT

PROTECTING OUR ENVIRONMENT

WATER MANAGEMENT

According to National Geographic, an estimated 97% of water is stored in our oceans while the remaining 3% of water on earth is fresh water, of which the majority is found in glaciers and ice caps. With population growth, urbanization and a rapidly rising middle-class in our key markets driving an increase in demand for food and beverages (and therefore fresh water), this places an enormous strain on the supply of fresh water to cater for this sociodemographic change.

Water is used both as a vital ingredient for our products, as well as for several production processes such as cleaning and sanitizing in the food and beverage industry. As such, water is an important factor in our manufacturing business and we constantly seek to achieve more efficient use of water and to innovate in water recycling methods.

During the COVID-19 pandemic, our production facility in Singapore scaled down operations due to restrictions at the workplace and we carried out significant cleaning and sanitisation of our production facility during this period. The water usage was higher

than 2019 as both our production and maintenance departments took the opportunity during the down time to clean our production machinery as well as the general production environment. This is also reflected in our lower recycling percentage as compared to 2019.

Water Saving and Recycling

Water usage is the highest in the production function in our business and the aggregate production capacity of our Singapore and Malaysia factories constitutes more than 90% of the whole Group's production capacity. Currently, we are focusing our efforts on water saving and recycling initiatives on these two locations to maximise their impact.

We reduce our water footprint by putting recycled water to alternative uses. In collaboration with Singapore's Public Utilities Board ("PUB") and Nanyang Technological University ("NTU") as a research partner, we have completed the installation of a water recycling plant at our Senoko factory in Singapore. This water recycling plant is expected to recycle a substantial portion of the wastewater collected from our production processes, which can in turn be used for cooling, steam generation, washing and other industrial non-production processes. On an annual basis, it is capable of recycling approximately 70% of the water drawn

and used in our production processes.

In line with our work plans for 2020, we started to conduct optimisation studies and testing on the wastewater treatment plant in early 2020. This is to ensure that the plant is compliant to regulatory requirements and performing as per specifications before final commissioning and putting it into service.

Our plans were however delayed due to the implementation of COVID-19 related safety measures that were imposed in Singapore and globally from early April 2020 to September 2020. The local restrictions imposed during the period affected our access to global resources of labour, equipment and materials that were critical for our optimisation studies and as a result, we were not able to complete the studies and operationalise the wastewater treatment plant within 2020.

With the easing of restrictions in the later months of 2020, we have entered the final phase of the testing and commissioning of the wastewater treatment plant and the Group expects that the wastewater treatment plant will be operational by first quarter of 2021.

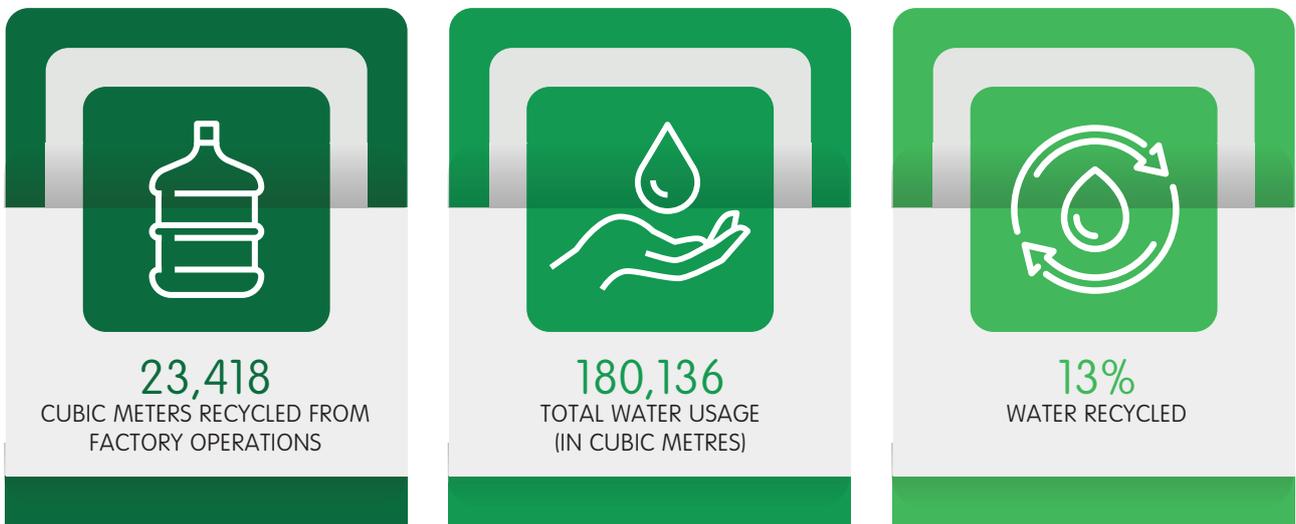


Water recycling plant at our Senoko factory

SUSTAINABILITY REPORT

Material Topic(s)		Target(s)
Water Management		
303-1	Water withdrawal by source	Reduce by 20% from water recovery and recycling programs in Singapore by 2020, and additional 10% when these programs are fully operationalised
303-3	Water recycled and reused	Recycle at least 50% of collected wastewater generated in Singapore by 2020

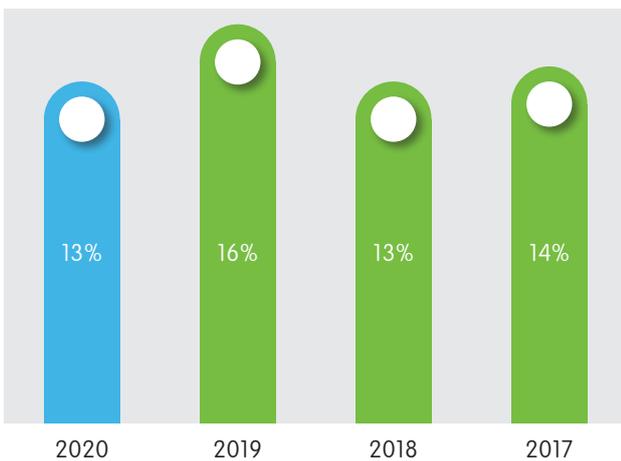
2020 WATER USAGE AND RECYCLING IN SINGAPORE



KEY STATISTICS ON WATER (SINGAPORE)

Singapore	2020	2019	2018	2017
Total water usage (in cubic metres)	180,136	173,994	170,717	177,346

% OF WATER RECYCLED



SUSTAINABILITY REPORT

EFFLUENTS AND WASTE

We are focused on achieving effective management and reduction of our waste, including the by-products generated from the manufacturing processes in our factories.

Reduce

We have expanded our tracking of waste to include information related to the packaging used in our products placed on the market in Singapore. This is in line with new mandatory packaging reporting framework requirements from Singapore's National Environment Agency (NEA). We target to reduce the amount of packaging used via various initiatives such as primary packaging weight optimisation, standardising secondary packaging – such as cartons and trays – dimensions, and rationalisation of label thickness dimensions. The learnings in Singapore will be shared with and rolled out to the rest of the Group as appropriate.

Reuse

From the production of our soymilk, we generate soya pulp residue, commonly known as Okara, as a by-product. Okara – which still contains nutrients such as dietary fibre, calcium, protein, carbohydrates and potassium – can also be used as animal feed or as natural fertilisers, which greatly improves the utilisation of waste materials, which would otherwise be dumped in landfills.

Currently, we redirect our Okara waste from the Malaysian factories to the farms in the vicinity as animal feed. In Singapore, we dispose Okara to off-takers who use it as fertilisers or animal feed. The recent changes in regulation, which recognises Okara as animal feed, has opened up more options for us and we are actively seeking partners for meaningful reuse of this by-product.

As increasing studies are performed on alternative uses for Okara, which include the creation of healthy probiotic drinks, mock meat and biodegradable packaging, we will continue to look out for different ways to reuse Okara waste meaningfully.

Recycle

We recycle the cartons that we use, as well as plastic, aluminium and scrap metal from our manufacturing processes.

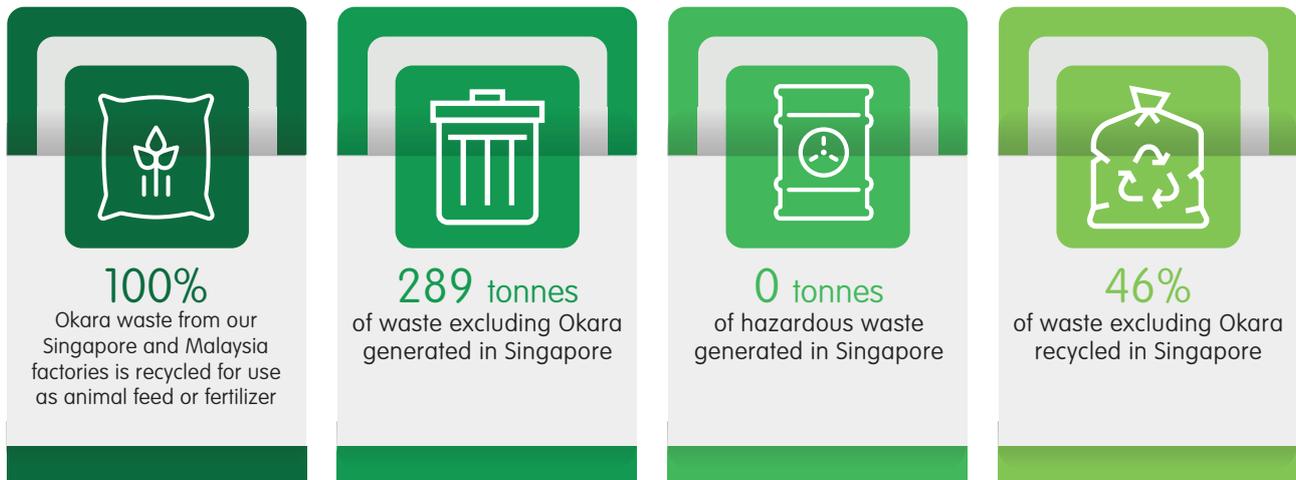
WASTE MANAGEMENT FRAMEWORK



SUSTAINABILITY REPORT

Material Topic(s)	Target(s)
Effluents and Waste	
306-2 Waste by type and disposal method	Develop a framework for measuring the types of waste generated from our operations to progressively cover all factories in the Group by 2020

2020 WASTE GENERATED AND RECYCLED IN SINGAPORE



KEY STATISTICS ON WASTE (SINGAPORE)

Types of waste	Description	2020	2019	2018	2017
Okara waste generated	in tonnes	700	579	309	231
Okara waste recycled	% recycled	100%	100%	100%	100%
Other waste generated excluding Okara	in tonnes	289	624	608	663
Other waste recycled excluding Okara	% recycled	46%	45%	44%	32%

In 2020, Okara waste generated in Singapore increased as compared to prior year due to higher production volume for soymilk. 100% of the Okara waste was recycled by disposing to off-takers who use it as fertilisers or animal feed.

The amount of other waste generated is significantly lower than in 2019 due to lower production levels during the COVID-19 pandemic. We however continue to sustain our efforts in recycling such waste and have recycled 46% of other waste generated in 2020. We will continue to evaluate and explore evolving recycling technologies and options to continue to increase our recycling rate.

ENERGY MANAGEMENT

Optimising Energy Usage

The Group continues to explore the use of our rooftops for the installation of solar panels as part of our initiative to use greener energy and reduce our carbon footprint. This will help to reduce our reliance on the use of energy from traditional gas-fired power generation plants in Singapore that produce greenhouse gas emissions. We are evaluating this initiative for our Senoko factory in Singapore, which can be installed with approximately 2,237 solar panels covering approximately 4,300 square meters of rooftop area. If implemented, we expect to reduce our energy consumption by about 15% in Singapore.

SUSTAINABILITY REPORT

In Malaysia, we are working with power providers on a similar solar energy initiative to study the use of solar panels for electricity generation in our Shah Alam factory covering about 2,000 square meters of roof area.

Use of Energy Efficient Equipment

We are constantly in search for more energy efficient equipment for our manufacturing operations. In our Senoko plant in Singapore, we currently use diesel – a form of fossil fuel – for water heating and we are in the process of evaluating a potential change to an alternative energy efficient equipment which runs on electricity and which is expected to reduce energy consumption significantly.

In our Shah Alam factory in Malaysia, we are conducting a trial on use of motion-sensor LED lights for our perimeter fencing. This trial includes the installation of solar panels connected to motion-sensor LED lights that auto-adjust the light brightness according to detection of movement. These LED lights are powered by solar energy absorbed by the solar panels and this helps to cut down our electrical consumption and reduce our carbon footprint.

We will continue to review opportunities to upgrade our lighting to LED in other factories.

Energy Recovery Systems

Our Shah Alam factory also implemented an energy recovery project to recover and reuse steam used in our production processes. This steam recovery process involves the installation of a condensate recovery system to capture, recover and reuse the steam generated by the boilers and has a projected annual reduction in our utility bills in excess of S\$110,000. Additionally, this energy recovery system has also helped the plant in:

- a. Ensuring that steam is readily available for use in production;
- b. Reducing the use of water and natural gas to produce steam;
- c. Reducing wear and tear of mechanical parts due to water condensation; and
- d. Improving the efficiency of steam boilers.

CARING FOR OUR PEOPLE

OUR PEOPLE, OUR GREATEST ASSET

Our people are the key to our future success and we value employee engagement as the key to unleashing the full potential of our people with their strong motivation, autonomy and desire to grow.

We embrace excellence and innovation in our business, where our people work as ONE team. We value honesty and fairness, and focus on our staff and customers to earn their loyalty. Pride, passion, hard work and dedication forms the overall hallmarks of our people.

Given our diverse and broad markets coverage, we continue to invest in creating an inclusive workplace for everyone from different backgrounds and we nurture workplace diversity in all respects of our business, from recruitment to career development.

SUSTAINABILITY REPORT

Our approach to developing human capital and retaining talent is characterised by our three core principles:

- (i) We adopt fair labour practices and have zero tolerance towards discrimination;
- (ii) We invest in the training and development of our employees to enhance their competencies; and
- (iii) We provide our employees a safe and conducive working environment for them to excel in their respective fields.



FAIR LABOUR PRACTICES

Zero tolerance towards discrimination

DEVELOPMENT OF EMPLOYEES

Investment in training to enhance competencies

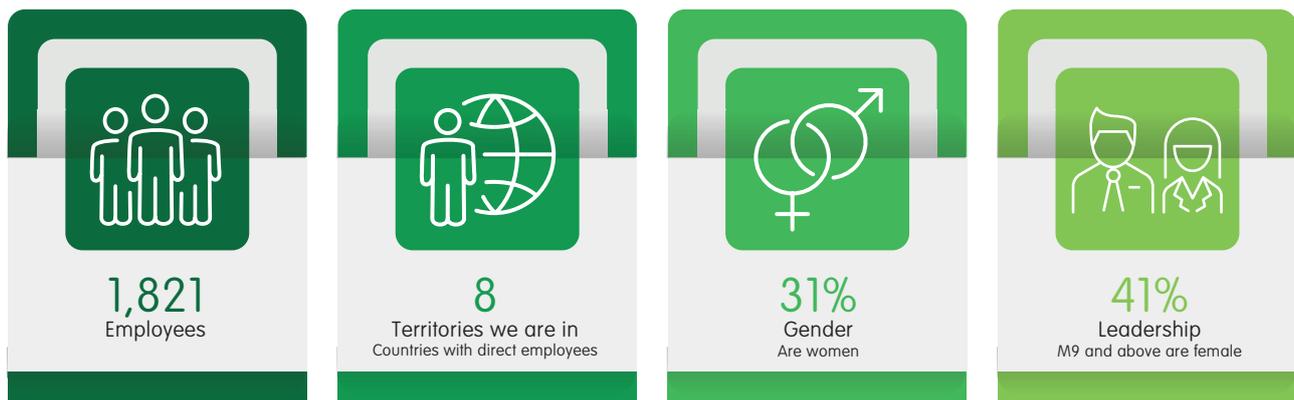
SAFE ENVIRONMENT

Conducive workplace to focus on business excellence

FAIR LABOUR PRACTICES – DIVERSITY AND INCLUSION

At YHS, we support a gender-balanced labour force and equal opportunities at all levels in the organisation. We leverage on the diversity and cultural experiences of our people to build strong connections with our customers and communities across the regions, driving innovation and engaging professionally in an increasingly globalised and fast-changing market. We believe in creating a safe and inclusive working environment where we continually develop our people and reward great performance.

YHS does not discriminate any applicant based on their age, gender, race, religion or nationality. We are committed to ensuring fair labour practices, diversity and inclusion in all our factories and offices. As at 31 December 2020, we have 1,821 employees working across all our operations, of which 83% are based in Singapore and Malaysia.



1,821
Employees

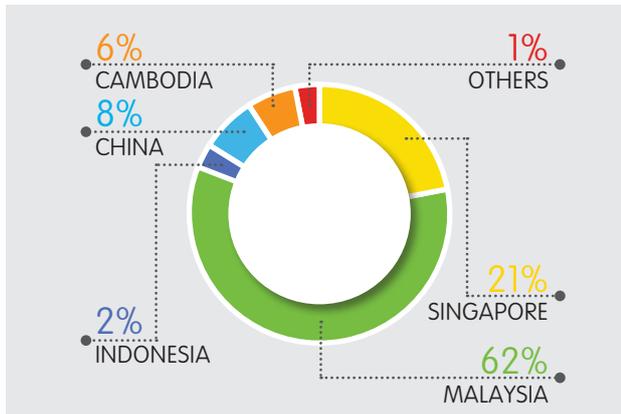
8
Territories we are in
Countries with direct employees

31%
Gender
Are women

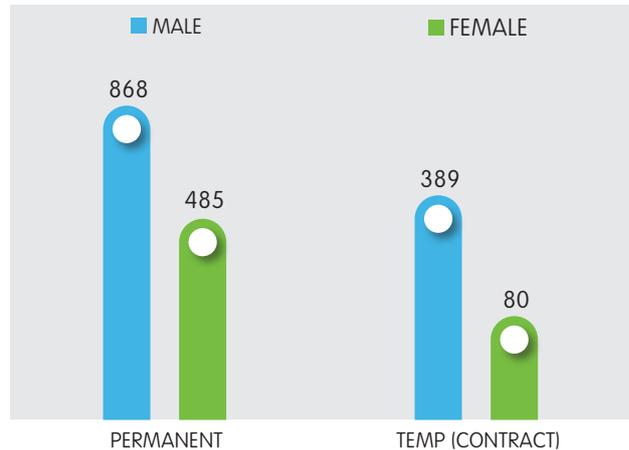
41%
Leadership
M9 and above are female

SUSTAINABILITY REPORT

2020 EMPLOYEE DIVERSITY BY GEOGRAPHY



2020 NUMBER OF EMPLOYEES AND DIVERSITY BY EMPLOYMENT TYPE



On gender diversity, given the nature of the work in our industry in which a substantial portion of our work force are deployed in the manufacturing and supply chain operations, the gender balance has a tendency to weigh stronger on the males. The percentage of female employees as at end of 2020 is 31% (2019: 30%).

In Singapore, YHS is a member of the Singapore National Employers Federation and the Food, Drinks and Allied Workers Union. In Malaysia, we are associated with the Malaysian Employers Federation, Federation of Malaysian Manufacturers, MECA Employers Consulting Agency Sdn Bhd and Food Industry Employees' Union.

As active members of unions and associations, YHS ensures compliance with applicable laws and regulations and maintains regular dialogues with the various stakeholders to build constructive and harmonious relationships.

HUMAN CAPITAL DEVELOPMENT AND TRAINING

Investing In Our People

At the core of our business strategy is the commitment to enable our people to be the best they can be. We want to enhance the competencies of our staff and strengthen their capabilities in meeting job requirements, improve work performance and achieve business results.

Our focus is on building future-ready staff and fostering a growth mind-set while empowering all staff to take charge of their own learning journey.

We encourage continuous learning to ensure our people keep up with the market-best training practices and also believe that driving capability building around technical and soft skills is key. This includes scheduled classroom learnings, condensed e-learning modules, and OJT (on-the-job training).

SUSTAINABILITY REPORT



Mental Health Awareness Training in China

Mental Health Awareness Training

With the outbreak and continuation of the COVID-19 pandemic, our staff are experiencing a new normal in working and social behaviours and this may have triggered psychological symptoms, leaving some of them in a state of “mental sub-health” and becoming potential victims of anxiety disorders.

In September 2020, we invited a reputable psychologist to conduct a mental health awareness training for 67 staff in China. Through the in-depth coaching by the trainer, our China colleagues have learnt to better cope with work and family stress and have benefitted from the experience of the trainer.



GMP & HACCP Awareness Workshop in Malaysia

SUSTAINABILITY REPORT

GMP & HACCP Awareness Workshop

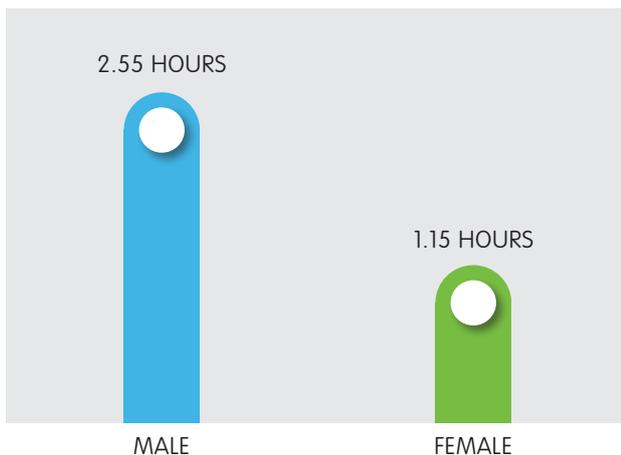
In 2020, we conducted the Good Manufacturing Practice (GMP) & Hazard Analysis and Critical Control Point (HACCP) Awareness workshop for our staff in Malaysia to reinforce the central principles of managing food safety in food production and food service in Malaysia.

The training introduces our staff to the principles of HACCP, with a clear explanation of how GMPs underpin the effective implementation of any food safety program and through this training, our staff are able to pick up the skills and knowledge necessary to apply the best industry practices to ensure that our products are safe and achieve quality standards.

Particular attention is given to product safety and quality and focuses on the production process. Aspects of compliance with food standards code are also addressed in detail during the trainings.

In 2020, with the impact of global COVID-19 pandemic affecting our offices, the Group has achieved a total of 6,743.75 training hours (excluding on-the-job training) (2019: 15,133 hours) to all our employees across the regions.

2020 AVERAGE TRAINING HOURS CHART BY GENDER



2020 AVERAGE TRAINING HOURS CHART BY EMPLOYMENT CATEGORY



In YHS, we believe in equipping our people with the necessary skills and knowledge to stay relevant in our highly competitive industry and we aspire to be an organization where our people can learn and work well. We aim to adopt a proactive approach to reskilling our people and embed within our people a passion for life-long learning. The Group is currently strengthening the training framework to further offer to our people the skills they need to help them better perform at work and also to provide them with other social skills as part of a comprehensive learning roadmap.

Lastly, we also support all our staff with professional development by offering them external courses and upskilling opportunities to hone their individual skill set.

Health & Wellness Activities

We are committed to support our people to work safely and in an effective capacity. 668 staff took the audiometric test in 2020 and the test helps us ensure that staff are working in a safe environment. This audiometric test program is also part of our well-being program to ensure the overall healthy well-being of those working in the manufacturing facilities.

SUSTAINABILITY REPORT



Audiometric test

OCCUPATIONAL HEALTH AND SAFETY

Safety risks are inherent in work places and will be relatively higher in manufacturing and supply chain functions where plant and machineries are operated. Maintaining a safe working environment allows our employees to work with peace of mind, improve their work and contribute to the sustainability of our workforce.

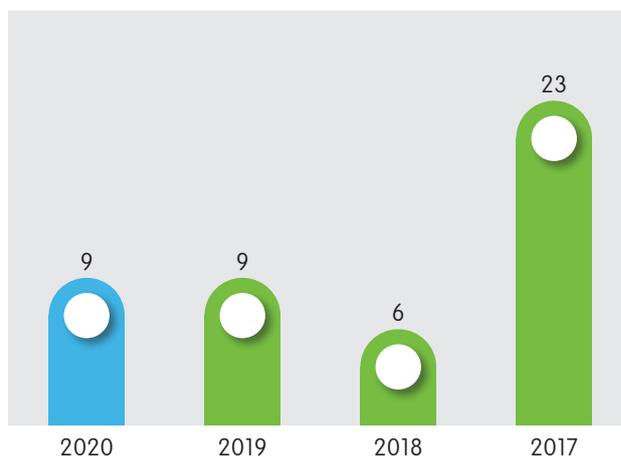
Accordingly, we place the utmost priority on maintaining a culture of safety amongst all our employees and enforce robust safety policies and practices to mitigate safety risks. In line with “GRI 403: Occupational Health and Safety 2018”, the Group has reported not only the work-related injuries of our employees, but also workers whose work or workplace is controlled by the organisation, such as contractors.

Material Topic(s)		Target(s)
Occupational Health and Safety		
403-9	Work-related injuries	<ul style="list-style-type: none"> • Zero work-related injuries and illnesses • Organise regular health and wellness activities

The number of reportable incidents with more than three days of medical leave has remained at 9 cases in 2020, generally due to incidents involving moving machinery parts and slip, trip and fall cases. We have reviewed all cases and have put in place the necessary preventive controls and have further conducted safety awareness training for staff working at our plants.

Regular inspections are also carried out at our plants to ensure strict compliance to Occupational Health and Safety regulations. These inspections, coupled with awareness and training sessions during the year, ensure the continued vigilance of our employees on Environment, Health and Safety (“EHS”) matters.

ANNUAL INCIDENTS STATISTICS*



* Reportable incidents with more than three days of medical leave

SUSTAINABILITY REPORT

In total, we have completed 2,087 hours of safety training and the Group will continue the intensity of these sessions and reinforcing the EHS messages through e-learning.

To continuously remind our employees and contractors on work safety, our safety slogan – All Accidents are Preventable – will continue to be displayed in prominent locations in all our factories and offices to promote a culture of “Zero tolerance to workplace injuries and illnesses”.

To continuously monitor and drive safety performance, we hold monthly safety committee meetings to review performance, discuss any violations and propose improvements. These meetings are attended by functional representatives from production, maintenance, warehouse and logistics, human resource, quality assurance and risk management departments. Our persistence and pursuit of safety excellence are recognised in the marketplace. In Singapore, we have been certified bizSAFE Level 3 by Workplace Safety and Health Council. This is a recognition of our strong commitment to workplace health and safety, which also provides our customers the assurance that we consistently meet stringent safety requirements.

In Malaysia, we have consistently received awards from the Malaysia Occupational Safety and Health Practitioner’s Association (“MOSHPA”) with regard to Occupational Safety and Health Management in food and beverage manufacturing and were awarded the Platinum Premier MOSHPA – the highest safety award from MOSHPA – in 2018.

A Caring and Harmonious Workplace

We believe in the holistic development of our people and we set aside resources each year for deliberate initiatives to create a stimulating working environment. Throughout the year, we organised a series of events to enrich our people with new experiences, engage them in their passion and challenge them to explore activities outside their comfort zone. The events also provide a comfortable platform for our people to connect with one another and their families after working hours.

In 2020, due to the COVID-19 related restrictions on work and training arrangements, the Group was only able to carry out limited activities. One of the events was the Nagomi Art Workshop where 17 staff attended the workshop via Zoom. The workshop was successful in unleashing the creativity and imagination of our staff as they were introduced to the “Nagomi Art” of using simple techniques to complete an art painting. Staff were also taught on the use of applying colour harmony with soft pastels. The workshop was also able to help them de-stress and keep them motivated during the pandemic period.



Nagomi Art Workshop

To empower our people to take charge of their health and lead an active and healthy lifestyle, the Group provides a complimentary annual health check as part of our wellness strategy in Singapore. This complimentary annual health check allows our people to keep track of their overall well-being through early detection of health concerns and take preventive measures for any potential health risks.

SUSTAINABILITY REPORT

CARING FOR OUR CONSUMERS

PRODUCT QUALITY AND SAFETY

At the heart of our food and beverage business, the establishment of safe, healthy and quality products is our top priority. We appreciate the complexities in the food and beverage value chain and the risk of quality mishaps that could potentially occur during the sourcing, manufacturing, storage and delivery of our products.

Stringent Controls on Procurement and Manufacturing

We do not compromise on the quality of ingredients that we use for our products. Our ingredients are sourced from responsible suppliers who take the necessary precautions in supplying us good quality and safe-for-consumption ingredients. We ensure raw materials from our suppliers meet our specifications through rigorous testing and qualification, which includes and is not limited to sensory tests and trial runs. Our direct packaging materials sourced from suppliers also go through equally rigorous testing and validations. We ensure our customers receive our products in uncompromised condition by ensuring we validate and conduct qualifications such as manufacturing line trials and transportation trials, before being used for production runs. As part of our receiving procedures for direct materials and ingredients, we conduct batch samplings and testing to ensure that they meet our quality requirements, specifications as well as the local regulatory food safety standards.

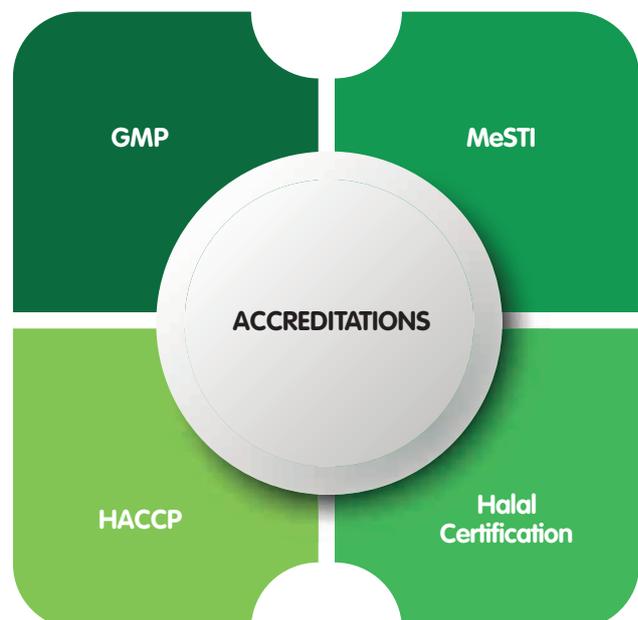
Across all our factories, we enforce stringent quality control in our manufacturing processes and we have continuously improved our processes and held ourselves to the highest standards of food and beverage production over the years.

We are a member of the Singapore Food Manufacturers' Association and have voluntarily adopted the best practices as required by the Good Manufacturing Practices ("GMP") certification for the food manufacturing industry. The GMP certification scheme verifies and certifies that YHS complies with the basic manufacturing practices and prerequisites for the implementation of an effective Hazard Analysis and Critical Control Points ("HACCP") food safety programme. This HACCP certification is renewed on an annual basis.

In Malaysia, we hold the Makanan Selamat Tanggungjawab Industri ("MeSTI") certification for compliance with a full spectrum of basic hygiene requirement, which focuses on operation control, hygiene and maintenance, traceability and record keeping.

Separately, we also provide the necessary training and enforce checking to maintain the Halal certifications in our factories. There are different Halal certification agencies and authorities in different countries and it is important to meet their specific requirements and understand the acceptance of these certifications in different markets.

When it comes to the quality and safety of our products, we spare no efforts in ensuring that they are safe for consumption. With our constant focus on product quality and safety, the Group had zero product recall in 2020.



SUSTAINABILITY REPORT

Material Topic(s)	Target(s)
Product Quality and Safety	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Zero incidents of product trade recall due to safety issues for YHS' manufactured products

KEY STATISTICS ON PRODUCT RECALLS IN THE GROUP

Product in YHS	2020	2019	2018	2017
Number of recalls	0	0	0	0

Producing High Quality and Healthy Products

While food safety and great taste are important pillars of our product quality, we also strive to deliver other attributes of quality with better health propositions in terms of functional benefits, natural ingredients and lowered sugar or calories.

We work closely with regulators in Singapore and Malaysia to support the nationwide drives to encourage healthier diet and lifestyle choices and we partnered the Health Promotion Board ("HPB") in Singapore to develop products with lower sugar content. Likewise, in Malaysia, we have reformulated all Yeo's beverages sold in Malaysia to below 5 grams of sugar per 100 millilitres in support of the government's initiative to raise public awareness and education to fight obesity and encourage healthy living amongst Malaysians.

We are constantly reformulating to reduce the sugar content while maintaining the great taste in our products so that our consumers can continue to enjoy the drinking experience while pursuing healthier lifestyles.

Besides the current product range with lower sugar content, we have also prioritised health benefits in the innovation and development of new products. In November 2020, we introduced 3 new variations of Chrysanthemum Tea, with reduced sugar, no sugar and with honey to tap into the growing health and wellness trend, especially among the younger consumers who continue to crave their favourite Yeo's. We will continue to innovate and delight our consumers with more delicious and healthier offerings to complement their changing lifestyles.



ZERO
product recall
from 2017 to 2020



Per **100ml**
of our products in Singapore
and Malaysia are
<5 grams sugar level



(L-R) Less sugar 50%, no sugar 0%,
healthier choice 5%

3
new chrysanthemum
products

SUSTAINABILITY REPORT

LEADING OUR MARKETPLACE

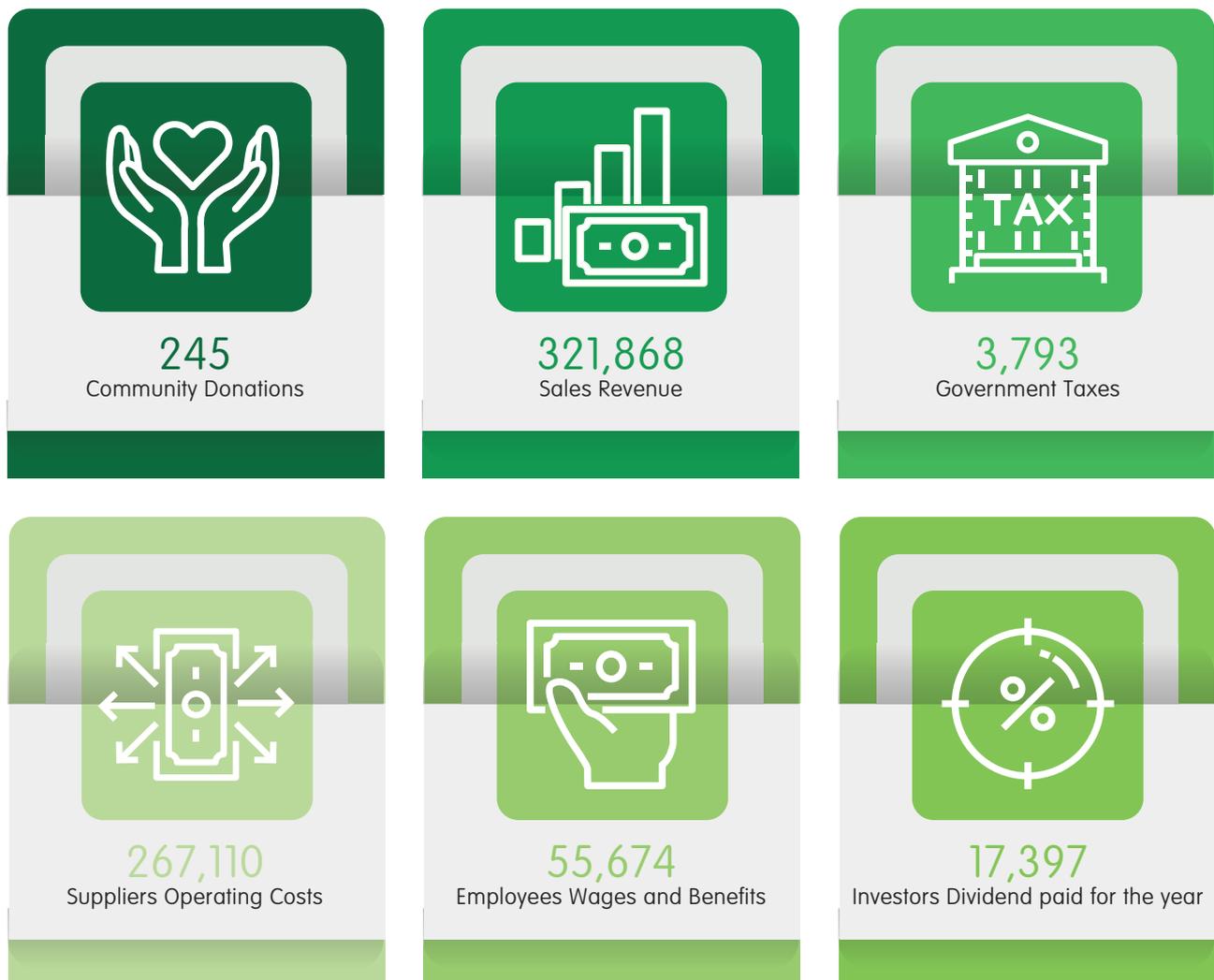
ECONOMIC PERFORMANCE

We believe in creating long term economic value for our investors and further distributing the economic value to other stakeholders including our employees through wages, government through taxes, investors through dividends, suppliers through purchases, and communities through corporate social responsibility initiatives.

We strive to improve our economic performance and play a larger role in the development and well-being of our stakeholders.

Our economic value generated and distributed in 2020 (in S\$'000) is as shown.

ECONOMIC DISTRIBUTION (S\$'000)



SUSTAINABILITY REPORT

CORPORATE SOCIAL RESPONSIBILITY

YHS believes it is our responsibility and privilege to serve the communities we operate in and we are committed to distributing part of the economic value we generate back to the communities. As part of our staff engagement initiatives, we actively involve our people through volunteerism in our corporate social responsibility ("CSR") projects and we encourage our people to participate in at least one of the community engagement events organised by or supported by the Group.

Due to the COVID-19 pandemic, with restrictions on events and gatherings, the Group was not able to execute our planned activities and has scaled back on volunteerism work in 2020. This however did not stop the Group from saluting and supporting our frontline medical workers fighting the COVID-19 pandemic.

In early 2020, Yeo Hiap Seng Limited, led by Group CEO Samuel Koh, visited Singapore General Hospital (SGH) to deliver over 3,000 bottles of Yeo's refreshing beverages to show our support to the frontline medical staff who professionally and tirelessly carried out their duty of care during the ongoing battle against the 2019 novel coronavirus.

Besides SGH, Yeo Hiap Seng Limited also delivered Yeo's beverages to Tan Tock Seng Hospital, National Centre for Infectious Diseases, Changi General Hospital and Sengkang General Hospital. Over 120,000 cans of Yeo's beverages were delivered to healthcare workers as part of on-going COVID-19 relief efforts.



*Saluting our frontline medical workers during COVID-19
– YHS donating beverages to frontline medical staff in hospitals.*

SUSTAINABILITY REPORT

Innovatively, we collaborated with the Ng Teng Fong Charitable Foundation (NTFCF) to develop the X19 Authentic Fine Herbal Tea (X19) for frontline workers in Singapore. This special herbal blend was developed by Yeo's research and development team, in consultation with traditional Chinese medicine practitioners, within a short span of a few months. Yeo's and NTFCF donated more than 68,000 cans of X19 to 25 hospitals and polyclinics, and to other frontline workers, including taxi drivers, and staff of People's Association in Singapore.



Donating X19 drinks to our frontline taxi drivers

In addition, we delivered 72,000 cans of beverages to residents of worker dormitories from Alliance of Guest Workers' Outreach.

In Malaysia, we contributed close to half a million packs of Yeo's food and beverage through giving to Sungai Buloh Hospital's medical team in Selangor as well as undertook sponsorships for the food bank programme under the Ministry of Domestic Trade and Consumer Affairs, the Royal Malaysia Police, and Bomba Selangor, part of Malaysia's Fire and Rescue Department.

In Hong Kong, we partnered with NTFCF to donate more than 76,000 cans of Yeo's nutritious drinks such as chrysanthemum tea to 19 hospitals of the Hong Kong Hospital Authority.

In 2020, we sponsored a total of 26,245 cartons (more than S\$132,000 worth) of food and beverages to medical institutions, local communities and federations, religious institutions, healthcare workers and foreign workers' dormitories in Singapore and Malaysia.

Material Topic(s)		Target(s)
Economic Performance		
201-1	Direct economic value generated and distributed	Commit 1,000 hours per year to volunteerism, advocacy, education and community campaigns; or S\$200,000 contribution in the form of donations

KEY STATISTICS ON VOLUNTEER HOURS

Description	2020	2019	2018	2017
Number of volunteer hours	0	>420	>1,300	>400
Amount of donations, cash or in-kind	>S\$244,000	>S\$134,000	>S\$200,000	>S\$200,000

SUSTAINABILITY REPORT

Moving forward, we will continue to be more active in doing our part to serve the communities we operate in either through volunteering or contributing in the form of donations. We also hope to nurture our people to become caring individuals who will contribute actively back to the society.

Further details of the Group's economic performance can be found in the Financial Statements section of the 2020 Annual Report.

CORPORATE GOVERNANCE

As a good and responsible corporate citizen, YHS operates its business with a strong emphasis on sustainability and under established and compliant corporate governance practices. For more than ten years, YHS has been disclosing our corporate governance practices as well as principles in our Corporate Governance Report, and continuously seeks to enhance the transparency and robustness of our governance practices and controls.

The Group has an established system of risk management and internal controls to safeguard our shareholders' interests and the Group's assets. The Board has primary responsibility over the governance of risk, with oversight from the Audit & Risk Committee to ensure that the risk management system and internal controls are properly designed, implemented and closely monitored for adequacy and effectiveness.

The Group has in place policies on Code of Conduct and Whistleblowing and complies with SGX mainboard rules on Dealing in Securities to mitigate the risks of fraud, corruption and misconduct involving employees. In line with one of our core values, namely Integrity, we also have a zero tolerance policy for corruption and fraud, which applies not only to corrupt business practices, but also extends to fraudulent financial reporting as well as sustainability reporting.

Affirming YHS' efforts in achieving diversity in its Board composition, YHS won second place for mid-cap (S\$300M - S\$1B) companies in the Singapore Board Diversity Index, launched on 16 September 2020 and developed in partnership between the Singapore Institute of Directors and Willis Towers Watson, with support from BoardAgender.

For more information on the Group's corporate governance framework and policies, please refer to the Corporate Governance Report included in the Annual Report 2020.

OTHER INFORMATION

ABOUT THIS REPORT

This report has been prepared with reference to the Global Reporting Initiative Reporting Standards and covers ESG performance of all business divisions and subsidiaries which are under YHS Group's financial and operational control.

Information presented in the report has been extracted from our internal records and documents to ensure accuracy using internationally accepted measurement data units. Unless otherwise stated, the information represents that of the Group.

SUSTAINABILITY REPORT

SUSTAINABILITY TARGETS

Material Topic(s)		Target(s)
Water Management		
303-3	Water withdrawal	Reduce by 20% from water recovery and recycling in Singapore, and additional 10% when these programs are fully operationalised
Effluents and Waste		
306-3	Waste generated	Develop a framework for measuring the types of waste generated from our operations to progressively cover all factories in the Group by 2020
Occupational Health and Safety		
403-9	Work-related injuries	<ul style="list-style-type: none"> • Zero work-related injuries and illnesses • Organise regular health and wellness activities
Customer Health and Safety / Product Quality and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Zero incidents of product trade recall due to safety issues for YHS manufactured products
Economic Performance		
201-1	Direct economic value generated and distributed	Commit 1,000 hours per year to volunteerism, advocacy, education and community campaigns; or S\$200,000 contribution in the form of donations

Non-material Topic(s)		Target(s)
Training and Education		
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> • Assess individual training needs of employees and develop training plan • Identify talent and support their development through specialised training programs • Provide funding for employees to undertake relevant external training courses

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Disclosure Number		Reference
General disclosures		
102-1	Name of the organization	Yeo Hiap Seng Limited
102-2	Activities, brands, products, and services	FS Note 1 – General Information FS Note 36 – Segment information FS Note 41 – Listing of significant companies in the Group
102-3	Location of headquarters	3 Senoko Way, Singapore 758057
102-4	Location of operations	FS Note 1 – General information FS Note 36 – Segment information FS Note 41 – Listing of significant companies in the Group
102-5	Ownership and legal form	AR – Corporate Information, Analysis of Shareholdings FS Note 1 – General Information FS Note 34 – Immediate and ultimate holding company
102-6	Markets served	AR – Financial Highlights FS Note 36 – Segment information
102-7	Scale of the organization	FS Note 33 – Financial risk management, Capital risk FS Note 36 – Segment information FS Note 41 – Listing of significant companies in the Group
102-8	Information on employees and other workers	SR – Caring for our people
102-9	Supply chain	SR – Caring for our consumers
102-10	Significant changes to the organization and its supply chain	No significant changes
102-11	Precautionary principle or approach	SR – Protecting our environment
102-12	External initiatives	SR – Protecting our environment, Caring for our people, Caring for our consumers, Leading our marketplace
102-13	Membership of associations	SR – Caring for our people, Caring for our consumers
102-14	Statement from senior decision-maker	AR – Chairman’s Statement
102-16	Values, principles, standards, and norms of behaviour	SR – Sustainability at the Forefront

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)

Disclosure Number		Reference
General disclosures		
102-18	Governance structure	SR – Sustainability Management
102-40	List of stakeholder groups	SR – Stakeholder Engagement
102-41	Collective bargaining agreements	SR – Caring for our people
102-42	Identifying and selecting stakeholders	SR – Stakeholder Engagement
102-43	Approach to stakeholder engagement	SR – Stakeholder Engagement
102-44	Key topics and concerns raised	SR – Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	FS Note 41 – Listing of significant companies in the Group
102-46	Defining report content and topic boundaries	SR – About This Report, Materiality Assessment
102-47	List of material topics	SR – Materiality Assessment
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	Financial year ended 31 December 2020
102-51	Date of most recent report	31 December 2019
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	sustainability@yeos.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared with reference to the GRI Standards
102-55	GRI content index	As presented
102-56	External assurance	No assurance obtained

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)

Specific Standard Disclosures		Reference
Water		
103-1/2/3	Management approach	SR – Protecting our environment
303-3	Water withdrawal by source	SR – Protecting our environment
Effluents and Waste		
103-1/2/3	Management approach	SR – Protecting our environment
306-3	Waste generated	SR – Protecting our environment
Occupational Health and Safety		
103-1/2/3	Management approach	SR – Caring for our people
403-9	Work-related injuries	SR – Caring for our people
Training and Education		
404-1	Average hours of training per year per staff	SR – Caring for our people
Customer Health and Safety/Product Quality and Safety		
103-1/2/3	Management approach	SR – Caring for our consumers
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR – Caring for our consumers
Economic Performance		
103-1/2/3	Management approach	SR – Leading our marketplace
201-1	Direct economic value generated and distributed	SR – Leading our marketplace

AR: Annual Report 2020

FS: Financial Statements 2020

SR: Sustainability Report 2020

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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 83 to 165 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Ng Win Kong Daryl
S. Chandra Das
Chin Yoke Choong
Luo Dan
Dr Lim Su Lin
Goi Lang Ling Laureen
Sitoh Yih Pin
William Peter Adamopoulos (Appointed on 14 July 2020)
Mohamad Halim Bin Merican (Appointed on 30 July 2020)
Jonathan James Yong Ze Ng (Appointed on 10 September 2020)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or any related corporations.
- (b) The director's interests in the ordinary shares and convertible securities of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Share Options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Chin Yoke Choong (Chairman)
S. Chandra Das
Sitoh Yih Pin
Goi Lang Ling Laureen
Jonathan James Yong Ze Ng

All members of the Audit and Risk Committee were non-executive directors. Except for Jonathan James Yong Ze Ng who was a non-independent director, all members were independent.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including a review of the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020, and the Independent Auditors' Report thereon. The Audit and Risk Committee has full access to management, has discretion to invite any director or executive officer to attend its meetings, and is given the resources required for it to discharge its functions.

The Audit and Risk Committee has also reviewed the following:

- (i) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;
- (ii) the compliance with legal and other regulatory requirements;
- (iii) the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;
- (iv) the appointment of the independent auditors and the level of audit and non-audit fees;
- (v) the co-operation given by the Company's management and officers to the independent auditors;
- (vi) the review of independent auditors' audit plan, audit report and any recommendations on internal accounting controls arising from the statutory audit; and
- (vii) any other matter which in the Audit and Risk Committee's opinion, should be brought to the attention of the Board.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Audit and Risk Committee (continued)

The Audit and Risk Committee has reviewed the non-audit services provided by the independent auditors, KPMG LLP; is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board that KPMG LLP be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditors

The independent auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

NG WIN KONG DARYL
Director

CHIN YOKE CHOONG
Director

9 March 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yeo Hiap Seng Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 165.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

Valuation of Investment Properties

Refer to note 2.6 and note 19 to the financial statements

The key audit matter

The Group's investment properties are accounted for at fair value and amounted to \$52.9 million (2019: \$52.3 million), which represents 7.7% (2019: 7.3%) of the Group's total assets as at 31 December 2020. The net fair value change on investment properties amounted to a loss of \$0.2 million (2019: gain of \$2.4 million) for the year ended 31 December 2020.

The Group engaged external valuers to value its properties located in Malaysia and China. In determining the fair value, the external valuers make a number of key estimates and assumptions, in particular assumptions in relation to forecasted rental rates, real estate sales prices and capitalisation rates. Some of these estimates and assumptions are subject to market forces and will change over time.

The valuation models applied to determine the value of investment properties are sensitive to the assumptions made.

The valuation reports obtained from the external valuers also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact of the 2019 Novel Coronavirus pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

How the matter was addressed in our audit

We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types.

We assessed the appropriateness of capitalisation rates, forecasted rental rates and comparable sales prices used in the valuations by comparing them against available industry data, taking into consideration the comparability and market factors.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

Our findings:

The valuers are members of professional bodies for valuers. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data. The disclosures in the financial statements are appropriate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

Valuation of Inventories

Refer to note 2.18 and note 13 to the financial statements

The key audit matter

Inventories represent 7.4% (2019: 7.6%) of the Group's total assets as at 31 December 2020.

Cost of inventories may not be recoverable if those inventories are damaged, expired or obsolete; or if their selling prices have declined significantly such that net realisable value is below their carrying amount.

The write-down of inventories to net realisable value is based on the age of these inventories, prevailing market conditions in the consumer food and beverage industry and historical provisioning experience which require management judgement.

How the matter was addressed in our audit

We assessed management's basis of write-down and performed the following audit procedures, amongst others:

- Tested the amount of obsolete or expired inventory recorded to actual write-off incurred in the past;
- Assessed whether the inventory write-down made at reporting date was consistent with the Group's provisioning policy;
- Tested the inventory ageing reports which aged the products by expiration date;
- Tested the process which determined the date of expiration for the finished goods produced;
- Checked the adequacy of the write-down made according to the finished goods' expiry dates;
- Tested the net realisable value of finished goods by comparing the costs to selling prices after the year-end or to the latest selling prices available; and
- Observed physical inventory counts to determine whether inventories with quality or obsolescence issues or that are damaged have been appropriately identified and written off.

Our findings:

We found the write-down to be adequate for all inventories with net realisable values below their carrying amounts.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

Impairment testing of non-financial assets (Property, Plant and Equipment, Intangible Assets and Investment in Subsidiaries)

Refer to note 2.5, note 2.7, note 2.8, note 18, note 20 and note 22 to the financial statements

The key audit matter

The carrying amounts of the Group's property, plant and equipment (PPE) and intangible assets (IA) were \$229.3 million (2019: \$223.5 million) and \$5.0 million (2019: \$5.2 million) respectively, which represents 33.6% (2019: 31.2%) and 0.7% (2019: 0.7%) of the Group's total assets as at 31 December 2020 respectively.

The carrying amount of the Company's investments in subsidiaries was \$322.8 million (2019: \$317.8 million) which represents 60.5% (2019: 61.0%) as at 31 December 2020.

During the financial year, certain entities within the group are in loss making positions. Management found this to represent an impairment indicator on the PPE and IA, as well as the investment in subsidiaries at the Company level. When there are indicators of impairment noted in a business segment or cash generating units (CGUs), the Group will perform an impairment assessment by estimating the recoverable amount of the PPE, IA and investment in subsidiaries at the Company level based on the higher of the value-in-use (VIU) and the fair value less costs to sell. The VIU is the discounted future cash flows expected to be generated from the business segment. The net present value of the forecast cash flows is derived from profit forecasts which include key assumptions such as sales growth rates and gross profit margins for the next 5 years, and discount rate.

The impairment assessment and the estimation of the recoverable amount based on the discounted cashflow is subjective and involves management's judgements. The assessment of these judgements is a key focus area of our audit.

How the matter was addressed in our audit

Our procedures in relation to management's impairment assessment of each CGU to which the PPE and IA relate to, and the investments in subsidiaries included, among others:

- Reviewed management's assessment of existence of impairment indicators, which among others, include observable indicators that the asset's value has declined, any adverse economic effects on the CGU and evidence of obsolescence;
- Evaluated management's computation and assumptions used in determining the recoverable amount of the CGU, including projected revenue growth rates, projected gross profit margin, and discount rates. The recoverable amount was determined based on the higher of its fair value less costs of disposal or value-in-use (VIU) which is based on a discounted cash flow (DCF) model;
- Assessed the reasonableness of management's assumptions made in the DCF model by comparing the parameters in the DCF model against available market data and historical performance of the CGUs;
- Performed sensitivity analysis on the DCF model; and
- Reviewed the disclosures included in the financial statements against the requirements of the accounting standards.

Our findings:

We found management's process of assessing for impairment indicators to be appropriate and key assumptions applied and estimates used to determine the recoverable amounts to be balanced.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

Other information

Management is responsible for the other information. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for the Statistics of Shareholdings, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Statistics of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Yeo Lik Khim.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

9 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	321,868	358,722
Cost of sales		(230,588)	(245,215)
Gross profit		91,280	113,507
Other income	5	8,105	9,128
Other gains and losses	6	(415)	20,611
Expenses			
– Marketing and distribution		(78,070)	(85,029)
– Administrative		(31,339)	(33,581)
– Finance		(621)	(723)
Share of profit of associated companies and a joint venture		325	184
(Loss)/Profit before income tax		(10,735)	24,097
Income tax credit/(expense)	9	703	(6,407)
Net (loss)/profit attributable to equity holders of the Company		(10,032)	17,690
Other comprehensive (losses)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Cash flow hedges			
– Fair value losses		(20)	(100)
– Reclassification		68	52
Currency translation differences arising from consolidation		(513)	(1,957)
		(465)	(2,005)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Financial assets, at fair value through other comprehensive income			
– Fair value gains		392	–
Remeasurements of defined benefit plans		(33)	88
Other comprehensive losses, net of tax	9	(106)	(1,917)
Total comprehensive (losses)/income attributable to equity holders of the Company		(10,138)	15,773
Earnings per share attributable to equity holders of the Company (expressed in cents per share)			
– Basic and diluted	10	(1.73)	3.05

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	264,164	295,751	14,388	14,877
Trade and other receivables	12	60,925	72,795	64,273	64,473
Inventories	13	50,245	54,716	-	-
Current income tax recoverable	9	696	1,516	-	-
		376,030	424,778	78,661	79,350
Non-current assets					
Trade and other receivables	12	7,554	3,744	4,941	-
Other financial assets	14	2,426	53	-	-
Loans to subsidiaries	15	-	-	44,619	41,052
Investments in associated companies	16	5,140	4,656	-	-
Investment in a joint venture	17	653	646	-	-
Investments in subsidiaries	18	-	-	322,758	317,758
Investment properties	19	52,856	52,312	80,037	79,883
Property, plant and equipment	20	229,306	223,543	2,126	2,587
Intangible assets	22	4,973	5,246	-	-
Deferred income tax assets	23	3,811	2,592	-	-
		306,719	292,792	454,481	441,280
Total assets		682,749	717,570	533,142	520,630
LIABILITIES					
Current liabilities					
Trade and other payables	24	64,851	61,986	6,919	55,723
Current income tax liabilities	9	1,443	6,287	28	133
Lease liabilities	25	2,951	2,576	297	268
		69,245	70,849	7,244	56,124
Non-current liabilities					
Lease liabilities	25	15,501	19,161	13,771	14,615
Provisions for other liabilities and charges	26	1,722	1,741	-	-
Deferred income tax liabilities	23	8,119	10,122	662	617
		25,342	31,024	14,433	15,232
Total liabilities		94,587	101,873	21,677	71,356
NET ASSETS		588,162	615,697	511,465	449,274
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	27	228,245	228,245	228,245	228,245
Capital reserve	28	6,066	6,066	-	-
Other reserves	29	(46,405)	(46,293)	-	-
Retained profits		400,256	427,679	283,220	221,029
Total equity		588,162	615,697	511,465	449,274

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Note	Attributable to equity holders of the Company										Total equity \$'000	
	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Hedging reserve \$'000	Retained profits \$'000				
2020												
Balance at 31 December 2019	228,245	6,066	3,268	-	(11,129)	(38,384)	(48)	427,679		615,697		
Loss for the year	-	-	-	-	-	-	-	(10,032)		(10,032)		
Other comprehensive losses for the year	-	-	-	392	(513)	-	48	(33)		(106)		
Transfer to retained profits on realisation	-	-	(24)	-	-	(15)	-	39		-		
Total comprehensive losses for the year	-	-	(24)	392	(513)	(15)	48	(10,026)		(10,138)		
Dividends paid	-	-	-	-	-	-	-	(17,397)		(17,397)		
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	(17,397)		(17,397)		
Balance at 31 December 2020	228,245	6,066	3,244	392	(11,642)	(38,399)	-	400,256		588,162		

An analysis of the movements in property revaluation reserve, fair value reserve, foreign currency translation reserve, general reserve and hedging reserve is presented in Note 29.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Note	Attributable to equity holders of the Company										Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Hedging reserve \$'000	Retained profits \$'000			
2019											
Balance at 1 January 2019	228,245	6,066	6,669	-	(9,172)	(38,335)	-	435,446	-	628,919	
Profit for the year	-	-	-	-	-	-	-	17,690	-	17,690	
Other comprehensive losses for the year	-	-	-	-	(1,957)	-	(48)	88	-	(1,917)	
Transfer to retained profits on realisation	-	-	(3,401)	-	-	(49)	-	3,450	-	-	
Total comprehensive income for the year	-	-	(3,401)	-	(1,957)	(49)	(48)	21,228	-	15,773	
Dividends paid	-	-	-	-	-	-	-	(28,995)	-	(28,995)	
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	(28,995)	-	(28,995)	
Balance at 31 December 2019	228,245	6,066	3,268	-	(11,129)	(38,384)	(48)	427,679	(48)	615,697	

An analysis of the movements in property revaluation reserve, fair value reserve, foreign currency translation reserve, general reserve and hedging reserve is presented in Note 29.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
Net (loss)/profit for the year	(10,032)	17,690
Adjustments for:		
– Income tax (credit)/expense	(703)	6,407
– Interest expense	621	723
– Amortisation of intangible assets	273	217
– Amortisation of capitalised letting fees	69	23
– Depreciation of property, plant and equipment	16,317	15,446
– Dividend income from financial assets designated as fair value through other comprehensive income at initial recognition	(23)	–
– Unrealised currency translation differences	287	(117)
– Fair value losses/(gains) on investment properties – net	175	(2,406)
– Loss/(Gain) on disposal of property, plant and equipment – net	33	(13,678)
– Gain on disposal of investment properties	–	(293)
– Fair value and disposal losses/(gains) on financial assets designated as fair value through profit or loss at initial recognition – net	25	(3,627)
– Interest income	(2,551)	(5,339)
– Provision for retirement benefits	167	196
– Share of profit of associated companies and a joint venture	(325)	(184)
	4,333	15,058
Change in working capital:		
– Trade and other receivables	6,012	(4,286)
– Inventories	4,567	6,508
– Trade and other payables	111	2,306
Cash generated from operations	15,023	19,586
Income tax paid	(6,544)	(879)
Retirement benefits paid	(211)	(203)
Net cash provided by operating activities	8,268	18,504

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from investing activities			
Dividends received		23	–
Dividends received from an associated company		637	–
Payments for intangible assets		–	(3,744)
Proceeds from disposal of property, plant and equipment		130	15,173
Proceeds from disposal of investment properties		–	9,799
Proceeds from disposal of financial assets designated as fair value through profit or loss at initial recognition		–	44,031
Payments for purchases of and deposits for property, plant and equipment		(19,933)	(12,679)
Additions to financial assets, at fair value through other comprehensive income		(2,006)	–
Additions to financial assets, at fair value through profit or loss		–	(30,000)
Additions to investment properties		–	(535)
Interest received		2,551	5,339
Net cash (used in)/provided by investing activities		(18,598)	27,384
Cash flows from financing activities			
Dividends paid		(17,397)	(28,995)
Interest paid		(621)	(723)
Principal payment of lease liabilities		(3,045)	(2,746)
Net cash used in financing activities		(21,063)	(32,464)
Net (decrease)/increase in cash and cash equivalents		(31,393)	13,424
Cash and cash equivalents at beginning of financial year		295,751	282,729
Effects of currency translation on cash and cash equivalents		(194)	(402)
Cash and cash equivalents at end of financial year	11	264,164	295,751

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Yeo Hiap Seng Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 3 Senoko Way, Singapore 758057.

The principal activities of the Company are those of a management and investment holding company. The principal activities of the subsidiaries are shown in Note 41.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Amendments to published standards effective in 2020

On 1 January 2020, the Group has adopted the new or amended SFRS(I) that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective SFRS(I).

The adoption of these new or amended SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Interpretations and amendments to published standards effective in 2020

Effective for annual periods beginning on or after 1 January 2020:

1 January 2020	Amendments to:
	<ul style="list-style-type: none"> – SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material) – SFRS(I) 3 Business Combinations (Definition of a Business) – SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement and SFRS(I) 7 Financial Instruments: Disclosures (Interest Rate Benchmark Reform) – Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, volume rebates and trade discounts, and after eliminating sales within the Group. No significant element of financing is deemed present as the sales activities are made within the range of market practices.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods – consumer food, beverage and other products*

Revenue from sale of goods is recognised when the Group has delivered the products to the customers and the customers have accepted the products in accordance with the terms of the sales contracts or arrangements.

(b) *Rendering of services – warehousing services*

Revenue from warehousing services is recognised when the services are rendered.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(d) *Royalty fees*

Royalty fees are recognised on an accrual basis in accordance with the terms of the relevant agreements.

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are deducted from the related expenses, with the exception of government cash grant related to rental rebates for the lease of leasehold land which are recognised in "other income" as government grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

As at 31 December 2020 and 31 December 2019, there are no non-controlling interests in the subsidiaries of the Group.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) *Subsidiaries* (Continued)

(ii) *Acquisitions* (Continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.7 for the accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.8 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in "general reserve" within equity attributable to the equity holders of the Company.

(c) *Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(c) Associated companies and joint ventures (Continued)

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses in profit or loss and its share of post-acquisition other comprehensive income in other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or a joint venture equals to or exceeds its interests in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture. If the associates or joint venture subsequently reports profits, the Group resumes recognising its share of profits only after its share of profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies or joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. Any retained equity interest in the entity, which is a financial asset, is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal is recognised in profit or loss.

Please refer to Note 2.8 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Land and buildings*

Land and buildings are initially recognised at cost. Freehold land are subsequently carried at cost less accumulated impairment losses and includes plots of land with Land Usage Titles in Indonesia ("Land Usage Titles"). These Land Usage Titles entitle the Group to use the land for the purpose of the operation of food and beverages manufacturing and other facilities for a period of 30 years. Management anticipates that the Land Usage Titles will be perpetually renewable at a nominal cost and therefore the land is not depreciated. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Please refer to Note 2.9 for the accounting policy on borrowing costs.

(b) *Depreciation*

No depreciation is provided on construction-in-progress and freehold land.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land (over term of lease)	50 – 99 years
Buildings on freehold and leasehold land	20 – 50 years
Plant and machinery, furniture and fittings	5 – 20 years
Computer equipment and software costs	3 – 7 years
Motor vehicles and trucks	5 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

(e) *Transfer of property, plant and equipment to investment properties*

When the use of a property changes from owner-occupation to investment property holding, the property is remeasured to fair value before transfer. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in the property revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

2.6 Investment properties

Investment properties are land and buildings held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

When the use of an investment property changes such that it becomes owner-occupied and is transferred to property, plant and equipment, its fair value at the date of change in use becomes its deemed cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

(a) *Goodwill*

Goodwill on acquisition of subsidiaries and business represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated companies and joint ventures represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) *Acquired trademark licence and bottling right*

Trademark licence and bottling right acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 20 years, which is the shorter of the estimated useful life and period of contractual right.

(c) *Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised to profit or loss using the straight-line method over its estimated useful life of 20 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction. Borrowings costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

(b) Property, plant and equipment

Intangible assets

Investments in subsidiaries, associated companies and joint ventures

Property, plant and equipment, intangible assets and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (Continued)

- (b) *Property, plant and equipment*
Intangible assets
Investments in subsidiaries, associated companies and joint ventures (Continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. An impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation and amortisation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.11 Financial assets

- (a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- (i) Amortised cost;
- (ii) Fair value through other comprehensive income ("FVOCI"); and
- (iii) Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(a) *Classification and measurement* (Continued)

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise of "cash and cash equivalents" and "trade and other receivables" excluding prepayments and deposits for property, plant and equipment.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movements in fair values and interest income are recognised in profit or loss in the period in which they arise.

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which were not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains or losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Cash flow hedge

The Group has entered into currency forwards or designated non-derivative financial assets or liabilities that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards or non-derivative financial assets or liabilities designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to profit or loss when the hedged forecast transactions are recognised; or be included in the initial cost of the hedged non-financial asset when the hedged item subsequently results in the recognition of a non-financial asset (such as inventories and property, plant and equipment).

The fair value changes on the ineffective portion of currency forwards or non-derivative financial assets or liabilities are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices and the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Fair value estimation of financial assets and liabilities (Continued)

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Leases

(a) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "property, plant and equipment".

Right-of-use asset which meets the definition of an investment property is presented within "investment properties" and accounted for in accordance with Note 2.6.

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (Continued)

(a) *When the Group is the lessee:* (Continued)

(ii) Lease liabilities (Continued)

- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property leases and account for these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There are changes in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases for which the underlying assets are of low value (less than \$7,000). Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (Continued)

(a) *When the Group is the lessee:* (Continued)

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(b) *When the Group is the lessor:*

The Group leases investment properties under operating leases to non-related parties.

(i) Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(ii) Lessor – Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "other income". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Defined benefit plans*

Post-employment benefits relate to retirement benefits given to employees and are non-contributory unfunded retirement benefits schemes for employees who are eligible under labour laws or collective bargaining agreements.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields at the end of the reporting period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

(c) *Termination benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation (Continued)

(d) *Bonus plans*

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when there is a contractual obligation to pay or when there is a past practice that has created a constructive obligation to pay.

(e) *Annual leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.22 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the Company's functional currency.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of, the accumulated foreign currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (Continued)

(c) *Translation of Group entities' financial statements*

The results and balance sheet of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the Group Chief Executive Officer to make strategic decisions, allocate resources and assess performance.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of investment properties

Investment properties are stated at fair value based on valuations performed by independent professional valuers. The fair values are based on highest-and-best-use basis and certain judgements are required over the valuation techniques and inputs used. The valuation techniques, key inputs, other assumptions and the carrying amounts at the reporting dates are disclosed in Note 19.

Valuation of inventories

The Group carries out periodic reviews on inventory obsolescence and any decline in the net realisable value below cost will be recorded against inventory balance. Management considers future demand, expected selling prices and ageing analysis of the inventories as part of its inventory obsolescence assessment process to arrive at their best estimate of the net realisable value of inventories. Such evaluation process requires significant judgement and may affect the carrying amount of inventories at the balance sheet date.

Valuation of non-financial assets

The Group assesses at each reporting date whether there is any objective evidence that non-financial assets are impaired. Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows to be generated by the non-financial assets and to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in assumptions about these factors could affect the recoverable amount of the non-financial assets at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. REVENUE

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

(a) Disaggregation of revenue from contracts with customers

	At a point in time \$'000	Over time \$'000	Total \$'000
The Group			
2020			
Consumer food and beverage products			
– Singapore	74,399	–	74,399
– Malaysia	127,755	–	127,755
– Other Asia Pacific countries	88,234	–	88,234
– Europe	8,748	–	8,748
– United States of America	10,471	–	10,471
	<u>309,607</u>	<u>–</u>	<u>309,607</u>
Other products			
– Singapore	7,252	–	7,252
– Malaysia	204	–	204
	<u>7,456</u>	<u>–</u>	<u>7,456</u>
Warehousing services			
– Singapore	–	4,782	4,782
Dividend income from financial assets			
– Singapore	23	–	23
Total	<u>317,086</u>	<u>4,782</u>	<u>321,868</u>
2019			
Consumer food and beverage products			
– Singapore	84,537	–	84,537
– Malaysia	137,843	–	137,843
– Other Asia Pacific countries	96,757	–	96,757
– Europe	10,737	–	10,737
– United States of America	11,204	–	11,204
	<u>341,078</u>	<u>–</u>	<u>341,078</u>
Other products			
– Singapore	11,752	–	11,752
– Malaysia	873	–	873
	<u>12,625</u>	<u>–</u>	<u>12,625</u>
Warehousing services			
– Singapore	–	4,993	4,993
Royalty fees			
– Other Asia Pacific countries	–	26	26
Total	<u>353,703</u>	<u>5,019</u>	<u>358,722</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. REVENUE (CONTINUED)

(b) Contract liabilities

	The Group		
	31 December	1 January	
	2020 \$'000	2019 \$'000	2019 \$'000
Contract liabilities			
Consumer food and beverage and other products	1,036	1,855	810

Contract liabilities for consumer food and beverage and other products mainly relate to refund liabilities and prepayments received from customers ahead of the delivery of products and are included under trade and other payables (Note 24).

Revenue recognised in relation to contract liabilities

	The Group	
	2020 \$'000	2019 \$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period		
– Consumer food and beverage and other products	1,706	640

5. OTHER INCOME

	The Group	
	2020 \$'000	2019 \$'000
Interest income from bank deposits	2,551	5,339
Rental income	5,221	3,789
Government grant	333	–
	8,105	9,128

Government grant of \$333,000 (2019: Nil) was recognised during the financial year and related to rental rebates for the lease of leasehold land from Jurong Town Corporation under the Rental Relief Framework as announced in the Singapore Budget 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6. OTHER GAINS AND LOSSES

	Note	The Group	
		2020 \$'000	2019 \$'000
Fair value and disposal (losses)/gains on financial assets designated as FVPL at initial recognition		(25)	3,627
Fair value (losses)/gains on investment properties – net	19	(175)	2,406
(Loss)/Gain on disposal of property, plant and equipment – net		(33)	13,678
Currency translation (loss)/gain – net		(779)	201
Gain on disposal of investment properties		–	293
Other miscellaneous income		597	406
		(415)	20,611

7. EXPENSES BY NATURE

	Note	The Group	
		2020 \$'000	2019 \$'000
Fees on audit services paid/payable to – Auditors of the Company		298	309
– Other auditors*		343	361
Fees on non-audit services paid/payable to – Auditors of the Company		2	2
– Other auditors*		20	54
Amortisation of intangible assets	22	273	217
Amortisation of capitalised letting fees	19	69	23
Depreciation of property, plant and equipment	20	16,317	15,446
Write-down of inventories – net	13	4,079	4,044
Impairment of trade receivables	33(b)	2,750	256
Employee compensation	8	55,674	55,322
Cost of raw materials and trading goods recognised as expenses (included in cost of sales)		181,374	192,698
Advertising and promotion expenses		20,584	23,106
Transportation expense		13,434	16,198
Rental expense on operating leases	21(d)	2,033	2,135
Finance expense – interest expense on lease liabilities	21(c)	621	723
Utilities expense		11,613	12,965
Repairs and maintenance expenses		11,097	7,569

*: Includes the network of member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. EMPLOYEE COMPENSATION

	Note	The Group	
		2020 \$'000	2019 \$'000
Wages and salaries		47,773	45,890
Employer's contribution to defined contribution plans including Central Provident Fund		4,470	4,403
Retirement benefits costs	26	167	196
Other short-term employee benefits		7,313	4,833
Less: Government grants		(4,049)	–
		55,674	55,322

Government grants of \$4,049,000 (2019: Nil) was recognised during the financial year and mainly related to wage subsidies programmes introduced in markets the Group operates in response to the Covid-19 coronavirus pandemic.

9. INCOME TAXES**(a) Income tax expense**

	The Group	
	2020 \$'000	2019 \$'000
Tax (credit)/expense attributable to profit is made up of:		
Current income tax		
– Singapore	(45)	(156)
– Foreign	2,570	6,204
	2,525	6,048
Deferred income tax credit	(3,078)	(403)
	(553)	5,645
(Over)/Under provision in prior financial years		
– Current income tax	43	289
– Deferred income tax	(193)	473
	(703)	6,407

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. INCOME TAXES (CONTINUED)

(a) Income tax expense (Continued)

The tax (credit)/expense on the Group's (loss)/profit before tax differs from the theoretical amount derived from using the Singapore standard rate of income tax as follows:

	The Group	
	2020 \$'000	2019 \$'000
(Loss)/Profit before income tax	(10,735)	24,097
Share of profit of associated companies and a joint venture, net of tax	(325)	(184)
(Loss)/Profit before income tax and share of profit of associated companies and a joint venture	(11,060)	23,913
Tax calculated at tax rate of 17% (2019: 17%)	(1,880)	4,065
Effects of:		
– Different tax rates in other countries	(52)	2,152
– Income not subject to tax	(1,256)	(2,584)
– Expenses not deductible for tax purposes	2,244	1,812
– Tax incentives	(9)	(83)
– Utilisation/Recognition of previously unrecognised tax benefits	(48)	(341)
– Deferred income tax assets not recognised	448	624
– (Over)/Under provision in prior financial years – net	(150)	762
Tax (credit)/charge	(703)	6,407

(b) Movements in current income tax liabilities net of current income tax recoverable

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of financial year	4,771	(631)	133	133
Currency translation differences	(48)	(56)	–	–
Income tax paid	(6,544)	(879)	(79)	(19)
Tax expense	2,525	6,048	–	36
Under/(Over) provision in prior financial years	43	289	(26)	(17)
End of financial year	747	4,771	28	133
<i>Representing:</i>				
Current income tax recoverable	(696)	(1,516)	–	–
Current income tax liabilities	1,443	6,287	28	133
	747	4,771	28	133

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. INCOME TAXES (CONTINUED)

(c) The tax (charge)/credit relating to each component of other comprehensive (losses)/income is as follows:

	2020			2019		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After Tax
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group						
Cash flow hedges						
– Fair value losses	(27)	7	(20)	(130)	30	(100)
– Reclassification	90	(22)	68	67	(15)	52
Currency translation differences arising from consolidation	(513)	–	(513)	(1,957)	–	(1,957)
Fair value gains on financial assets, at FVOCI	392	–	392	–	–	–
Remeasurements of defined benefit plans	(33)	–	(33)	88	–	88
Other comprehensive (losses)/ income	(91)	(15)	(106)	(1,932)	15	(1,917)

10. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2020	2019
Net (loss)/profit attributable to equity holders of the Company (\$'000)	(10,032)	17,690
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	579,911	579,911
Basic and diluted earnings per share (cents per share)	(1.73)	3.05

11. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	53,126	69,542	1,589	2,329
Fixed deposits with financial institutions	211,038	226,209	12,799	12,548
	264,164	295,751	14,388	14,877

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables				
– Non-related parties	55,559	62,926	–	–
– Related parties	223	57	–	–
	55,782	62,983	–	–
Less: Loss allowance for trade receivables				
– Non-related parties	(3,013)	(415)	–	–
Trade receivables – net	52,769	62,568	–	–
Other receivables				
– Non-related parties	10,398	5,443	5,425	331
– Subsidiaries	–	–	63,714	65,366
– An associated company	–	678	–	–
– Government grant receivable	347	–	5	–
	10,745	6,121	69,144	65,697
Less: Loss allowance for other receivables				
– Subsidiaries	–	–	–	(1,289)
Other receivables – net	10,745	6,121	69,144	64,408
Staff loans	56	46	–	–
Deposits	3,959	5,188	37	37
Prepayments	950	2,616	33	28
	68,479	76,539	69,214	64,473
Non-current	7,554	3,744	4,941	–
Current	60,925	72,795	64,273	64,473
	68,479	76,539	69,214	64,473

Other receivables from non-related parties, subsidiaries, an associated company and a related party are unsecured, interest-free and repayable on demand except for other receivables from a non-related party amounting to \$4,941,000 (2019: Nil) which is not due within the next twelve months for the Group and the Company.

Related parties refer to the related companies of the ultimate holding company (Note 34) and companies controlled by the shareholders of the Company's ultimate holding company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. INVENTORIES

	The Group	
	2020	2019
	\$'000	\$'000
Raw materials	14,248	15,672
Work-in-progress	27	102
Finished/Trading goods	35,970	38,942
	50,245	54,716

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$226,718,000 (2019: \$240,872,000).

During the financial year, the Group wrote down inventories of \$4,079,000 (2019: \$4,044,000).

14. OTHER FINANCIAL ASSETS

	The Group	
	2020	2019
	\$'000	\$'000
Non-current		
Financial assets designated at FVOCI at initial recognition	2,398	–
Financial assets designated at FVPL at initial recognition	28	53
	2,426	53

Other financial assets are analysed as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Financial assets designated at FVOCI		
Listed equity securities – Hong Kong	507	–
Listed equity securities – USA	1,631	–
Listed equity securities – Japan	40	–
Listed equity securities – Europe	220	–
	2,398	–
Financial assets designated at FVPL		
Listed equity securities – Singapore	28	53
	2,426	53

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. LOANS TO SUBSIDIARIES

Loans to subsidiaries are treated as a long-term source of additional capital and financing within the Group. Accordingly, they are managed centrally and represent additions to the Company's net investments in the subsidiaries, except for those that are interest-bearing. Loans to subsidiaries are unsecured, interest-free, repayable on demand but are not expected to be repaid within the next twelve months.

	The Company	
	2020	2019
	\$'000	\$'000
Loans to subsidiaries	45,554	41,960
Less: Loss allowance	(935)	(908)
	44,619	41,052

16. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2020	2019
	\$'000	\$'000
Beginning of financial year	4,656	4,884
Currency translation differences	166	(86)
Share of profit, net of tax	318	194
Less: Dividend receivable	-	(336)
End of financial year	5,140	4,656

The Group has interests in a number of associated companies and they are individually insignificant. The summarised financial information of these associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Assets	50,493	41,609
Liabilities	34,508	27,468
Revenue	181,424	160,811
Net profit and total comprehensive income	1,205	735

The Group has not recognised its share of losses relating to certain associated companies amounting to \$1,000 (2019: \$1,000) during the year because the Group's cumulative share of unrecognised losses exceeds its interest in the entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to the entities amount to \$864,000 (2019: \$864,000) at the balance sheet date.

There are no contingent liabilities relating to the Group's interests in the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. INVESTMENT IN A JOINT VENTURE

	The Group	
	2020	2019
	\$'000	\$'000
Beginning of financial year	646	658
Currency translation differences	-	(2)
Share of profit/(loss), net of tax	7	(10)
End of financial year	653	646

The Group has interest in an immaterial joint venture. The summarised financial information of this joint venture, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Assets	1,310	1,311
Liabilities	5	20
Revenue	-	47
Net profit/(loss) and total comprehensive income/(loss)	15	(20)

There are no contingent liabilities relating to the Group's interest in the joint venture.

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020	2019
	\$'000	\$'000
Unquoted equity investments at cost less impairment	322,758	317,758
Beginning of financial year	317,758	317,758
Additions	5,000	-
End of financial year	322,758	317,758

Additions pertain to the Company's incorporation of a subsidiary during 2020. Details of the incorporated subsidiary are included in Note 41.

Details of significant subsidiaries are included in Note 41.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. INVESTMENT PROPERTIES

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of financial year		52,312	59,131	79,883	80,149
Currency translation differences		788	(689)	-	-
Additions		-	535	4,367	438
Disposal		-	(9,048)	(592)	(19)
Amortisation/Write-down	7	(69)	(23)	-	-
Net fair value (losses)/gains recognised in profit or loss, under "other gains and losses"	6	(175)	2,406	(3,621)	(685)
End of financial year		52,856	52,312	80,037	79,883

Additions represent capitalised expenditure on the investment properties. Amortisation or write-down includes capitalised letting fees and other costs. Certain investment properties are leased to non-related parties under operating leases (Note 21).

The following amounts are recognised in profit or loss:

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Rental income	5,052	3,544	3,045	3,225
Direct operating expenses arising from:				
– investment properties that generate rental income	(1,013)	(983)	(2,941)	(3,068)
– investment properties that do not generate rental income	(90)	(238)	(910)	(949)

Rental income of the Company is primarily derived from its subsidiaries. At the Group level, the investment properties of the Company are owner-occupied and are classified as property, plant and equipment (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. INVESTMENT PROPERTIES (CONTINUED)

Details of investment properties of the Group are as follows:

<u>Location</u>	<u>Description and existing use</u>	<u>Approximate land area (in sq. metres)</u>	<u>Tenure</u>
The People's Republic of China			
286 & 288 Chigangxi Road; Haizhu District, Guangzhou Guangdong Province	Office and warehouse	30,873	Leasehold expiring in year 2043
242 Chigangxi Road; No. 1 Guitiandongyue Forth Lane; and Unit 702, No. 186 Dunhe Road, Haizhu District, Guangzhou Guangdong Province	Apartments	1,812	Leasehold expiring in years 2065 to 2068
Malaysia			
Leong Sin Nam Farm, Jalan Ampang Tambun, Tambun, Ipoh, Perak, Malaysia	Farming land	1,048,062	16 lots freehold, 6 lots and 1 lot leasehold expiring in year 2045 and 2885 respectively
40 1/4 Milepost, Jalan Air Itam – Johor Bahru, Simpang Renggam, Johor, Malaysia	Farming land	420,183	Freehold
Lot No.30, Jalan Upper Lanang, Sibu, Sarawak, Malaysia	Office and warehouse	6,107	Leasehold expiring in year 2039
Lot 4183, Jalan Kuching, Taman Tunku Industrial Area, Miri, Sarawak, Malaysia	Office and warehouse	8,858	Leasehold expiring in year 2054
Lot 71, Sedco Industrial Estate, Phase 2, Jalan Kolombong, Kota Kinabalu, Sabah, Malaysia	Office and warehouse	5,235	Leasehold expiring in year 2034

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

The fair value measurement for all investment properties of the Group and the Company of \$52,856,000 (2019: \$52,312,000) and \$80,037,000 (2019: \$79,883,000) respectively, has been categorised as a Level 3 fair value based on the inputs used to the valuation technique used.

Reconciliation of fair value measurement to valuation report

	2020	2019
	\$'000	\$'000
The Company		
Fair value of investment property based on valuation report	66,000	65,000
Add: Carrying amount of lease liabilities	14,037	14,883
Carrying amount of investment property	80,037	79,883

There was no change to the valuation technique used to determine the fair value of each investment property.

Reconciliation of movements in Level 3 fair value measurement

There are no transfers into or out of Level 3 during the years ended 31 December 2020 and 2019.

Valuation techniques and inputs used in Level 3 fair value measurement

The main Level 3 valuation techniques and inputs used are as follows:

Adjusted sales comparison approach

The key unobservable input used is the transacted prices per square metre of comparable properties in close proximity based on recent market transactions. These recent transacted prices are subsequently adjusted to consider the size of the Group's and Company's property, the age of the building, the remaining tenure of the property and/or the plot ratio of the land relative to those of the comparable properties sold to derive the fair value of the Group's and Company's property. An increase in transacted prices per square metre would increase the valuation. As the valuation obtained for properties is net of future payments expected to be made, lease liability recognised in respect of these future payments is added to arrive at the carrying amount of the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair value measurement (Continued)

The main Level 3 valuation techniques and inputs used are as follows: (Continued)

Income capitalisation approach

Under this approach, the estimated net income on a fully leased property is capitalised over the remaining term of the lease from the valuation date at an appropriate capitalisation rate. The key unobservable inputs are the estimated market rental rate per square metre and capitalisation rate. Market rental rate is estimated considering the estimated rental value of the property under existing market conditions and if any, existing lease agreements on the property. The market rental rate is adjusted to reflect anticipated operating costs to derive at the estimated net income. The Group's properties which have existing lease agreements and are valued under this approach have a weighted average rental per annum of \$162 (2019: \$163) per square metre. Capitalisation rate, estimated at 2.8% to 9.0% (2019: 2.8% to 9.0%), is the rate of return on the properties considering market conditions on the valuation date and the profile of the properties. An increase in estimated market rental rate per square metre would increase the valuation while an increase in capitalisation rate would lower the valuation.

Depreciated replacement cost method

The key unobservable inputs of this method are construction cost per square metre and where applicable, estimated cost to complete per square metre. Construction cost and estimated cost to complete are estimated by the valuer based on market construction rates for similar properties as at the date of valuation. A depreciation factor is then applied to the total estimated construction costs to reflect the remaining economic life of the property in deriving its fair value. An increase in construction cost or estimated cost to complete per square metre would increase the valuation.

COVID-19 impact

The valuation reports contain a 'material valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market conditions for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and machinery, furniture and fittings \$'000	Computer equipment and software costs \$'000	Motor vehicles and trucks \$'000	Construction- in-progress \$'000	Total \$'000
The Group								
2020								
<i>Cost</i>								
Beginning of financial year		43,322	186,156	130,998	10,061	9,859	15,609	396,005
Currency translation differences		(935)	(165)	121	13	(1)	(254)	(1,221)
Additions		184	1,749	2,696	629	254	18,662	24,174
Disposals		–	(593)	(1,642)	(201)	(423)	–	(2,859)
Reclassification/Transfer		–	–	15,762	58	–	(15,820)	–
End of financial year		<u>42,571</u>	<u>187,147</u>	<u>147,935</u>	<u>10,560</u>	<u>9,689</u>	<u>18,197</u>	<u>416,099</u>
<i>Accumulated depreciation</i>								
Beginning of financial year		4,560	49,797	81,353	7,992	5,069	–	148,771
Currency translation differences		(1)	(28)	34	13	–	–	18
Disposals		–	–	(1,479)	(196)	(247)	–	(1,922)
Depreciation charge	7	<u>364</u>	<u>4,778</u>	<u>8,124</u>	<u>1,068</u>	<u>1,983</u>	<u>–</u>	<u>16,317</u>
End of financial year		<u>4,923</u>	<u>54,547</u>	<u>88,032</u>	<u>8,877</u>	<u>6,805</u>	<u>–</u>	<u>163,184</u>
Cost less accumulated depreciation at end of financial year		<u>37,648</u>	<u>132,600</u>	<u>59,903</u>	<u>1,683</u>	<u>2,884</u>	<u>18,197</u>	<u>252,915</u>
<i>Accumulated impairment losses</i>								
Beginning of financial year		89	21,302	2,300	–	–	–	23,691
Currency translation differences		–	(1)	25	–	–	–	24
Disposals		–	–	(106)	–	–	–	(106)
End of financial year		<u>89</u>	<u>21,301</u>	<u>2,219</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,609</u>
Net book value at end of financial year		<u>37,559</u>	<u>111,299</u>	<u>57,684</u>	<u>1,683</u>	<u>2,884</u>	<u>18,197</u>	<u>229,306</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and machinery, furniture and fittings \$'000	Computer equipment and software costs \$'000	Motor vehicles and trucks \$'000	Construction- in-progress \$'000	Total \$'000
The Group							
2019							
<i>Cost</i>							
Beginning of financial year	43,806	185,869	132,086	11,493	8,680	13,354	395,288
Currency translation differences	484	(843)	(490)	(35)	(36)	(176)	(1,096)
Additions	2,367	1,142	2,095	892	1,803	2,827	11,126
Disposals	(3,335)	(139)	(2,770)	(2,481)	(588)	–	(9,313)
Reclassification/Transfer	–	127	77	192	–	(396)	–
End of financial year	<u>43,322</u>	<u>186,156</u>	<u>130,998</u>	<u>10,061</u>	<u>9,859</u>	<u>15,609</u>	<u>396,005</u>
<i>Accumulated depreciation</i>							
Beginning of financial year	7,100	45,394	76,917	8,867	3,546	–	141,824
Currency translation differences	(53)	(118)	(301)	(37)	(21)	–	(530)
Disposals	(2,848)	(129)	(2,576)	(2,025)	(391)	–	(7,969)
Depreciation charge	7 361	4,650	7,313	1,187	1,935	–	15,446
End of financial year	<u>4,560</u>	<u>49,797</u>	<u>81,353</u>	<u>7,992</u>	<u>5,069</u>	<u>–</u>	<u>148,771</u>
Cost less accumulated depreciation at end of financial year	<u>38,762</u>	<u>136,359</u>	<u>49,645</u>	<u>2,069</u>	<u>4,790</u>	<u>15,609</u>	<u>247,234</u>
<i>Accumulated impairment losses</i>							
Beginning of financial year	89	21,307	2,383	–	–	–	23,779
Currency translation differences	–	(5)	(16)	–	–	–	(21)
Disposals	–	–	(67)	–	–	–	(67)
End of financial year	<u>89</u>	<u>21,302</u>	<u>2,300</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,691</u>
<i>Net book value at end of financial year</i>	<u>38,673</u>	<u>115,057</u>	<u>47,345</u>	<u>2,069</u>	<u>4,790</u>	<u>15,609</u>	<u>223,543</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold buildings \$'000	Plant and machinery, furniture and fittings \$'000	Computer equipment and software costs \$'000	Construction- in-progress \$'000	Total \$'000
The Company					
2020					
<i>Cost</i>					
Beginning of financial year	–	4,933	69	30	5,032
Additions	59	91	–	–	150
Disposals	–	(47)	–	–	(47)
Reclassification/Transfer	–	30	–	(30)	–
End of financial year	59	5,007	69	–	5,135
<i>Accumulated depreciation</i>					
Beginning of financial year	–	2,129	69	–	2,198
Depreciation charge	29	552	–	–	581
Disposals	–	–	–	–	–
End of financial year	29	2,681	69	–	2,779
Cost less accumulated depreciation at end of financial year	30	2,326	–	–	2,356
<i>Accumulated impairment losses</i>					
Beginning of financial year	–	247	–	–	247
Disposals	–	(17)	–	–	(17)
End of financial year	–	230	–	–	230
Net book value at end of financial year	30	2,096	–	–	2,126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold buildings \$'000	Plant and machinery, furniture and fittings \$'000	Computer equipment and software costs \$'000	Construction- in-progress \$'000	Total \$'000
The Company					
2019					
<i>Cost</i>					
Beginning of financial year	–	4,941	82	–	5,023
Additions	–	15	–	30	45
Disposals	–	(23)	(13)	–	(36)
End of financial year	–	4,933	69	30	5,032
<i>Accumulated depreciation</i>					
Beginning of financial year	–	1,569	82	–	1,651
Depreciation charge	–	560	–	–	560
Disposals	–	–	(13)	–	(13)
End of financial year	–	2,129	69	–	2,198
Cost less accumulated depreciation at end of financial year	–	2,804	–	30	2,834
<i>Accumulated impairment losses</i>					
Beginning of financial year	–	270	–	–	270
Disposals	–	(23)	–	–	(23)
End of financial year	–	247	–	–	247
<i>Net book value at end of financial year</i>	–	2,557	–	30	2,587

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of major properties of the Group under property, plant and equipment are as follows:

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount	
				2020 \$'000	2019 \$'000
Singapore					
3 Senoko Way	Office, factory and warehouses	27,638	30 years leasehold with effect from April 1994 with an option to renew for a further 30 years	54,545	55,625
Cambodia					
No. 385, Tachet, Beung Thom, Posenchey, Phnom Penh, Cambodia	Office, factory and warehouse	92,769	50 years leasehold with effect from March 2014 with an option to renew for a further 50 years	30,647	31,802
Indonesia					
Suryacipta City of Industry, Jalan Surya Utama, Kav I-65D1-D10 Karawang, Jawa Barat 41363, Indonesia	Industrial land for factory use	147,286	30 years lease perpetually renewable at a nominal cost	25,495	26,420
The People's Republic of China					
1 Southwest Street, Sanshui District, Foshan, Guangdong	Factory and trading depot	25,333	Leasehold expiring in year 2060	8,079	7,861
Malaysia					
Lot No.66134 & 154475, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	29,428	Leasehold expiring in year 2033 and 2048 respectively	98	104
Lot No.65644, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	20,334	Leasehold expiring in year 2033		
Lot No.154474, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	6,101	Leasehold expiring in year 2048		
Lot No.1427, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	5,299	Leasehold expiring in year 2894		
				1,135	1,180

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of major properties of the Group under property, plant and equipment are as follows: (Continued)

<u>Location</u>	<u>Description and existing use</u>	<u>Approximate land area (in sq. metres)</u>	<u>Tenure</u>	<u>Carrying amount</u>	
				<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Malaysia (Continued)					
No. 7 Jalan Tandang, Petaling Jaya, Selangor, Malaysia	Office, factory and trading depot	11,635	Leasehold expiring in year 2058	1,171	1,291
No.121 & 191, Jalan Utas, Shah Alam, Selangor, Malaysia	Factory and trading depot	39,775	Leasehold expiring in year 2073 and 2074 respectively	6,806	7,238
Lot PTD 90047, 6th Miles, Jalan Kota Tinggi, Pandan, Johor Bahru, Johor, Malaysia	Office, warehouse, factory and trading depot	27,757	Freehold	1,732	1,637
PLO 247, Jalan Gangsa, Pasir Gudang Industrial Estate, Johor, Malaysia	Industrial building and land	24,232	Leasehold expiring in year 2050	4,274	4,509
Lot 764, Mukim Bukit Raja, Shah Tempad Padang Jawa, Daerah Petaling, Malaysia	Office and warehouse	17,052	Freehold	10,332	10,616
No.986 Jalan Perusahaan and No.988-990, Solok Perusahaan Tiga, Kawasan MIEL Prai Industrial Estate Prai, Pulau Pinang, Malaysia	Office and warehouse	7,980	Leasehold expiring in year 2071	2,765	2,918
				147,079	151,201

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. LEASES

Nature of the Group's leasing activities – The Group as a lessee

Leasehold land and buildings

The Group has made upfront payments to secure the right-of-use of leasehold land for its manufacturing and warehousing operations. The Group and the Company lease office space for the purpose of back office operations. The Group leases warehouses for warehouse operations. These leasehold land and buildings are recognised within property, plant and equipment (Note 20).

The Group and the Company also makes annual lease payments for a leasehold land and the leasehold property is rented out to certain subsidiaries and regarded as owner-occupied by the Group. The leasehold property is classified as property, plant and equipment (Note 20) and investment properties (Note 19) by the Group and the Company respectively.

There are no externally imposed covenants on these lease arrangements.

Equipment and vehicles

The Group leases equipment for use in its back office operations and vehicles for its delivery and logistics operations.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	The Group	
	2020 \$'000	2019 \$'000
Leasehold land and buildings	111,299	115,057
Plant and machinery, furniture and fittings	99	138
Motor vehicles and trucks	2,212	3,853
	113,610	119,048

ROU assets classified within investment properties

The right-of-use assets of the Group and the Company relating to the leasehold land presented under investment properties (Note 19) of the Group and the Company are stated at fair value and have carrying amounts at balance sheet date of \$35,447,000 and \$80,037,000 (2019: \$34,887,000 and \$79,883,000) respectively.

(b) Depreciation charge during the year

	The Group	
	2020 \$'000	2019 \$'000
Leasehold land and buildings	4,778	4,650
Plant and machinery, furniture and fittings	63	86
Motor vehicles and trucks	1,700	1,547
Total	6,541	6,283

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. LEASES (CONTINUED)

Nature of the Group's leasing activities – The Group as a lessee (Continued)

(c) Interest expense

	The Group	
	2020 \$'000	2019 \$'000
Interest expense on lease liabilities	621	723

(d) Lease expense not capitalised in lease liabilities

	The Group	
	2020 \$'000	2019 \$'000
Lease expense – short-term leases	1,140	1,025
Lease expense – low-value leases	893	1,110
Total (Note 7)	2,033	2,135

(e) **Total cash outflow of the Group for all the leases in 2020 was \$3,666,000 (2019: \$3,469,000).**

(f) **Addition of ROU assets of the Group during the financial year 2020 was \$1,906,000 (2019: \$3,458,000).**

(g) **Future cash outflow which are not capitalised in lease liabilities:**

Extension options

Extension and termination options are included in a number of equipment leases across the group. Local teams are responsible for managing their leases and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide local management with greater flexibility to align its need for access to equipment with the fulfilment of customer contracts. The individual terms and conditions used vary across the group.

The majority of extension and termination options held are exercisable only by Lessee and not by the respective lessors. In cases in which Lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. LEASES (CONTINUED)

Nature of the Group's leasing activities – The Group as a lessor

The Group has leased out investment properties to non-related parties for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 19.

Nature of the Group's leasing activities – The Group as an intermediate lessor

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it subleases offices, warehouses and apartments for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from subleasing the offices, warehouses and apartments recognised during 2020 was \$5,221,000 (2019: \$3,692,000).

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Not later than one year	4,824	4,463
One to not later than two years	4,841	4,224
Two to not later than three years	5,549	4,604
Three to not later than four years	5,827	4,834
Four to not later than five years	6,118	5,074
Later than five years	9,715	14,040
Total undiscounted lease payments	<u>36,874</u>	<u>37,239</u>

22. INTANGIBLE ASSETS

	Note	The Group	
		2020	2019
		\$'000	\$'000
Composition:			
Goodwill	(a)	–	–
Trademark licence and bottling right	(b)	3,727	3,933
Computer software licences	(c)	1,246	1,313
		<u>4,973</u>	<u>5,246</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22. INTANGIBLE ASSETS (CONTINUED)**(a) Goodwill arising on consolidation**

	The Group	
	2020	2019
	\$'000	\$'000
<i>Cost</i>		
Beginning and end of financial year	5,361	5,361
<i>Accumulated impairment losses</i>		
Beginning and end of financial year	(5,361)	(5,361)
Net book value	–	–

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified within the consumer food and beverage products business segment in the People's Republic of China.

The goodwill in the CGUs was fully impaired in 2008.

(b) Trademark licence and bottling right

	The Group	
	2020	2019
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	4,122	–
Additions	–	4,122
End of financial year	4,122	4,122
<i>Accumulated amortisation</i>		
Beginning of financial year	(189)	–
Amortisation charge	(206)	(189)
End of financial year	(395)	(189)
Net book value	3,727	3,933

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22. INTANGIBLE ASSETS (CONTINUED)

(c) Computer software licences

	The Group	
	2020 \$'000	2019 \$'000
<i>Cost</i>		
Beginning of financial year	1,341	–
Additions	–	1,341
End of financial year	1,341	1,341
<i>Accumulated amortisation</i>		
Beginning of financial year	(28)	–
Amortisation charge	(67)	(28)
End of financial year	(95)	(28)
Net book value	1,246	1,313

(d) Amortisation expense on intangible assets included in the consolidated statement of comprehensive income is analysed as follows:

	The Group	
	2020 \$'000	2019 \$'000
Cost of sales	206	189
Administrative expenses	67	28
Total (Note 7)	273	217

23. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deferred income tax assets	(3,811)	(2,592)	–	–
Deferred income tax liabilities	8,119	10,122	662	617
Net deferred income tax liabilities	4,308	7,530	662	617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. DEFERRED INCOME TAXES (CONTINUED)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation \$'000	Fair value gains-net \$'000	Total \$'000
The Group			
2020			
Beginning of financial year	9,007	3,823	12,830
Currency translation differences	2	71	73
(Credited)/Charged to profit or loss	(549)	45	(504)
Charged to other comprehensive income	-	15	15
End of financial year	8,460	3,954	12,414
2019			
Beginning of financial year	8,223	5,859	14,082
Currency translation differences	(20)	(57)	(77)
Charged/(Credited) to profit or loss	804	(1,964)	(1,160)
Credited to other comprehensive income	-	(15)	(15)
End of financial year	9,007	3,823	12,830

Deferred income tax assets

	Unutilised capital allowances and tax losses \$'000	Provisions \$'000	Lease liabilities \$'000	Total \$'000
The Group				
2020				
Beginning of financial year	(2,402)	(1,991)	(907)	(5,300)
Currency translation differences	2	(40)	(1)	(39)
Credited to profit or loss	(2,217)	(542)	(8)	(2,767)
End of financial year	(4,617)	(2,573)	(916)	(8,106)
2019				
Beginning of financial year	(3,467)	(2,218)	(883)	(6,568)
Currency translation differences	11	26	1	38
Charged/(Credited) to profit or loss	1,054	201	(25)	1,230
End of financial year	(2,402)	(1,991)	(907)	(5,300)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets (Continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$18,238,000 (2019: \$13,891,000) and unrecognised capital allowances of \$584,000 (2019: \$309,000) at the balance sheet date with varying expiry dates which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. \$16,945,000 tax losses will expire between 2021 and 2025 (2019: \$11,240,000 tax losses will expire between 2020 and 2024) and \$1,293,000 (2019: \$2,651,000) tax losses do not have expiry date.

Deferred income tax liabilities of \$6,785,000 (2019: \$6,724,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amount to \$22,617,000 (2019: \$22,414,000) at the balance sheet date.

Deferred income tax liabilities

	Accelerated tax depreciation \$'000
The Company	
2020	
Beginning of financial year	617
Debited to profit or loss	45
End of financial year	662
2019	
Beginning of financial year	572
Debited to profit or loss	45
End of financial year	617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables				
– Non-related parties	26,922	30,229	–	–
Other payables				
– Non-related parties	14,748	11,550	1,353	469
– Subsidiaries	–	–	1,079	53,741
	14,748	11,550	2,432	54,210
Accruals for operating expenses	23,181	20,207	4,487	1,513
	64,851	61,986	6,919	55,723

Other payables to non-related parties and subsidiaries are unsecured, interest-free and repayable on demand.

25. LEASE LIABILITIES

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current	2,951	2,576	297	268
Non-current	15,501	19,161	13,771	14,615
	18,452	21,737	14,068	14,883

The exposure of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	2,951	2,576	297	268
Between one to five years	2,880	5,620	1,150	1,074
Later than five years	12,621	13,541	12,621	13,541
	18,452	21,737	14,068	14,883

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. LEASE LIABILITIES (CONTINUED)

Reconciliation of lease liabilities arising from financing activities:

	The Group Lease liabilities \$'000
Balance as at 1 January 2020	21,737
Financing cash flows	
Principal payment of lease liabilities	(3,045)
Interest paid	(621)
Total financing cash flows	(3,666)
Non-cash changes	
Additions during the year	440
Disposal during the year	(669)
Interest expense	621
Currency translation differences	(11)
Total non-cash changes	381
Balance as at 31 December 2020	18,452
	The Group Lease liabilities \$'000
Balance as at 1 January 2019	–
Financing cash flows	
Principal payment of lease liabilities	(2,746)
Interest paid	(723)
Total financing cash flows	(3,469)
Non-cash changes	
Adoption of SFRS(I) 16	22,513
Additions during the year	2,190
Disposal during the year	(197)
Interest expense	723
Currency translation differences	(23)
Total non-cash changes	25,206
Balance as at 31 December 2019	21,737

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The amount recognised in the Group's balance sheet for defined benefit plans is analysed as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Present value of unfunded obligations/liabilities recognised in the balance sheet	1,722	1,741

The retirement benefit plans are not funded. There are no plan assets or actual returns on plan assets.

As of 31 December 2020, the provision for retirement benefits consists of non-contributory unfunded retirement benefits schemes for employees in Malaysia and Indonesia who are eligible under labour laws or collective bargaining agreements.

Movements in provision for retirement benefits are as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Beginning of financial year	1,741	1,836
Currency translation differences	(8)	–
Charged to profit or loss (Note 8):		
– Current service cost	114	109
– Past service credit and gains and loss on settlement	(35)	–
– Interest cost	88	87
	167	196
Credited to other comprehensive income:		
Actuarial gain arising from remeasurements:		
– Demographic assumptions	–	(86)
– Financial assumptions	13	10
– Experience adjustment	20	(12)
	33	(88)
Benefits paid	(211)	(203)
End of financial year	1,722	1,741

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

The significant weighted actuarial assumptions used were as follows:

	2020	2019
	%	%
Discount rate	5.2	5.2
Salary growth rate	5.0	5.0

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	The Group	
	(Decrease)/Increase in	
	defined benefit obligations	
	2020	2019
	\$'000	\$'000
Discount rate		
– Increase by 1%	(108)	(106)
– Decrease by 1%	115	113
Salary growth rate		
– Increase by 1%	121	120
– Decrease by 1%	(114)	(114)

The above sensitivity analysis are based on a change in assumption while holding all other assumptions constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change when compared to previous period.

The weighted average duration of the defined benefit obligation is 8 years (2019: 8 years) and expected maturity analysis of undiscounted retirement benefits is as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Less than one year	255	196
Between one and five years	884	981
More than five years	679	627
	1,818	1,804

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. SHARE CAPITAL

	Number of ordinary shares for issued share capital '000	Amount of share capital \$'000
31 December 2020		
Beginning and end of financial year	579,911	228,245
31 December 2019		
Beginning and end of financial year	579,911	228,245

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

28. CAPITAL RESERVE

Capital reserve of the Group arises from the consolidation of a subsidiary.

29. OTHER RESERVES

(a) Composition:

	The Group	
	2020 \$'000	2019 \$'000
Property revaluation reserve	3,244	3,268
Fair value reserve	392	-
Foreign currency translation reserve	(11,642)	(11,129)
General reserve	(38,399)	(38,384)
Hedging reserve	-	(48)
	(46,405)	(46,293)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29. OTHER RESERVES (CONTINUED)**(b) Movements:**

	The Group	
	2020 \$'000	2019 \$'000
<i>(i) Property revaluation reserve</i>		
Beginning of financial year	3,268	6,669
Transfer to retained profits on realisation	(24)	(3,401)
End of financial year	3,244	3,268
<i>(ii) Fair value reserve</i>		
Beginning of financial year	-	-
Fair value gains	392	-
End of financial year	392	-
<i>(iii) Foreign currency translation reserve</i>		
Beginning of financial year	(11,129)	(9,172)
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and a joint venture	(513)	(1,957)
End of financial year	(11,642)	(11,129)
<i>(iv) General reserve</i>		
Beginning of financial year	(38,384)	(38,335)
Transfer to retained profits on realisation	(15)	(49)
End of financial year	(38,399)	(38,384)
<i>(v) Hedging reserve – foreign exchange risk</i>		
Beginning of financial year	(48)	-
Fair value losses	(27)	(130)
Tax on fair value losses	7	30
	(20)	(100)
Reclassification to inventories	90	67
Tax on reclassification adjustments	(22)	(15)
	68	52
End of financial year	-	(48)

Other reserves are non-distributable. General reserve primarily arose from the acquisition of non-controlling interests in a subsidiary in 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. DIVIDENDS

	The Group	
	2020 \$'000	2019 \$'000
<i>Ordinary dividends paid</i>		
Final dividend paid in respect of the previous financial year of 2 cents (2019: 2 cents) per share, tax exempt (1-tier)	11,598	11,598
Special dividend paid		
– in respect of the previous financial year of 1 cent (2019: 2 cents) per share, tax exempted (1-tier)	5,799	11,598
– in respect of the current financial year of nil (2019: 1 cent) per share, tax exempt (1-tier)	–	5,799
	17,397	28,995

The directors have proposed a final dividend of 2 cents per ordinary share, tax exempt (1-tier) amounting to \$11,598,000 for approval by shareholders at the forthcoming annual general meeting to be convened for the financial year ended 31 December 2020.

These financial statements do not reflect the proposed final dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

31. LITIGATIONS

In quarter 4 of 2020, a wholly-owned indirect subsidiary in Malaysia, Yeo Hiap Seng Trading Sdn Bhd ("YHS Trading"), was served with three Writs of Summonses filed in Malaysia ("Sengjaya's Writs"), claiming in aggregate Malaysian Ringgit 13.7 million, after YHS Trading had terminated its non-exclusive distribution agreements with the Sengjaya group of companies ("Sengjaya"). YHS Trading disputes the actions based on legal advice that the actions are groundless and without merit. YHS Trading has since filed its defences and served its Writs of Summonses ("YHS Writs") on Sengjaya, and applied for summary judgments for its YHS Writs and to strike out Sengjaya's Writs.

32. COMMITMENTS

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Capital commitments in respect of purchase and construction of property, plant and equipment approved and contracted for	6,936	11,452	1,023	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards to manage certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group operates in a number of countries with dominant operations in Singapore, Malaysia, Cambodia, Indonesia and the People's Republic of China. Sale and purchase transactions between the companies in the Group are mainly denominated in Singapore Dollar and United States Dollar.

Whenever possible, in their respective dealings with non-related parties, the companies in the Group would use their respective functional currencies, to minimise foreign currency risk.

Currently, the Group will try to manage its currency exposures by having natural hedges between its foreign currency receivables and payables; and/or entering into currency forwards with banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposures are as follows:

	← SGD equivalent →								Total \$'000
	SGD \$'000	USD \$'000	HKD \$'000	RMB \$'000	RM \$'000	IDR \$'000	EUR \$'000	Other ^{^^^} \$'000	
At 31 December 2020									
Financial assets									
Cash and cash equivalents	203,104	32,152	1,176	14,020	13,067	604	–	41	264,164
Trade and other receivables [^]	20,096	9,690	706	1,561	27,499	5,195	–	169	64,916
Intra-group balances	141,449	84,678	325	5,744	57,404	6,370	–	–	295,970
Financial assets, at FVOCI	–	1,631	507	–	–	–	220	40	2,398
	<u>364,649</u>	<u>128,151</u>	<u>2,714</u>	<u>21,325</u>	<u>97,970</u>	<u>12,169</u>	<u>220</u>	<u>250</u>	<u>627,448</u>
Financial liabilities									
Intra-group balances	(141,449)	(84,678)	(325)	(5,744)	(57,404)	(6,370)	–	–	(295,970)
Lease liabilities	(15,160)	(112)	(57)	–	(3,068)	–	–	(55)	(18,452)
Trade and other payables ^{^^}	(19,497)	(4,871)	(392)	(4,558)	(17,775)	(16,164)	(118)	(440)	(63,815)
	<u>(176,106)</u>	<u>(89,661)</u>	<u>(774)</u>	<u>(10,302)</u>	<u>(78,247)</u>	<u>(22,534)</u>	<u>(118)</u>	<u>(495)</u>	<u>(378,237)</u>
Net financial assets/(liabilities)	188,543	38,490	1,940	11,023	19,723	(10,365)	102	(245)	<u>249,211</u>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(190,403)	(33,008)	(1,757)	(11,070)	(19,778)	10,365	–	55	
Less: Net financial asset designated as hedges for highly probable forecast transactions in foreign currencies	–	–	–	–	–	–	–	–	
Currency exposure	<u>(1,860)</u>	<u>5,482</u>	<u>183</u>	<u>(47)</u>	<u>(55)</u>	<u>–</u>	<u>102</u>	<u>(190)</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposures are as follows: (Continued)

	← SGD equivalent →								Total \$'000
	SGD \$'000	USD \$'000	HKD \$'000	RMB \$'000	RM \$'000	IDR \$'000	EUR \$'000	Other ^{^^^} \$'000	
At 31 December 2019									
Financial assets									
Cash and cash equivalents	232,614	39,436	713	8,824	13,354	775	–	35	295,751
Trade and other receivables [^]	17,646	14,289	531	433	31,177	5,962	–	141	70,179
Intra-group balances	190,204	87,586	–	7,278	54,334	5,708	–	2	345,112
	<u>440,464</u>	<u>141,311</u>	<u>1,244</u>	<u>16,535</u>	<u>98,865</u>	<u>12,445</u>	<u>–</u>	<u>178</u>	<u>711,042</u>
Financial liabilities									
Intra-group balances	(190,204)	(87,586)	–	(7,278)	(54,334)	(5,708)	–	(2)	(345,112)
Lease liabilities	(16,840)	(195)	(137)	–	(4,561)	–	–	(4)	(21,737)
Trade and other payables ^{^^}	(18,787)	(7,544)	(405)	(3,274)	(28,138)	(1,129)	(26)	(187)	(59,490)
	<u>(225,831)</u>	<u>(95,325)</u>	<u>(542)</u>	<u>(10,552)</u>	<u>(87,033)</u>	<u>(6,837)</u>	<u>(26)</u>	<u>(193)</u>	<u>(426,339)</u>
Net financial assets/(liabilities)	214,633	45,986	702	5,983	11,832	5,608	(26)	(15)	<u>284,703</u>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(220,176)	(40,810)	(1,370)	(5,983)	(12,090)	(5,608)	–	2	
Less: Net financial asset designated as hedges for highly probable forecast transactions in foreign currencies	–	(6,098)	–	–	–	–	–	–	
Currency exposure	<u>(5,543)</u>	<u>(922)</u>	<u>(668)</u>	<u>–</u>	<u>(258)</u>	<u>–</u>	<u>(26)</u>	<u>(13)</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Company's currency exposures are as follows:

	← SGD equivalent →	
	USD \$'000	HKD \$'000
At 31 December 2020		
Financial assets		
Other receivables [^]	119	-
Financial liabilities		
Trade and other payables	-	-
Currency exposure	119	-
At 31 December 2019		
Financial assets		
Other receivables [^]	3	-
Financial liabilities		
Trade and other payables	-	(9)
Currency exposure	3	(9)

Legend:

- SGD – Singapore Dollar
- USD – United States Dollar
- HKD – Hong Kong Dollar
- RMB – Chinese Renminbi
- RM – Malaysian Ringgit
- IDR – Indonesian Rupiah
- EUR – Euro
- [^] – Exclude prepayments and deposits for property, plant and equipment
- ^{^^} – Exclude contract liabilities
- ^{^^^} – Other currencies are individually insignificant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**Financial risk factors** (Continued)**(a) Market risk** (Continued)*(i) Currency risk* (Continued)

If the USD, HKD and RM had changed against the SGD by 1% (2019: 1%), 1% (2019: 1%) and 1% (2019: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position that are exposed to currency risk would have been as follows:

	Increase/(Decrease)	
	in net profit	
	2020	2019
	\$'000	\$'000
The Group		
USD against SGD		
– strengthened	46	(8)
– weakened	(46)	8
HKD against SGD		
– strengthened	2	(6)
– weakened	(2)	6
RM against SGD		
– strengthened	–*	(2)
– weakened	–*	2

* Amount is less than \$1,000

The currency risk analysis for RMB, IDR and EUR is insignificant to the Group as the net financial assets/ (liabilities) in these currencies are mainly recorded in the respective entities' functional currencies, resulting in minimal currency exposures. The currency risk analysis for USD and HKD is insignificant to the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

As at 31 December 2019, the Group is exposed to insignificant securities price risk. As at 31 December 2020, the Group was exposed to securities price risk arising from other financial assets listed in Singapore, United States of America, Hong Kong, Europe and Japan. If weighted average prices of the Group's securities listed in Singapore, United States of America, Hong Kong, Europe and Japan had changed by 25.0%, 9.8%, 13.8%, 3.4% and 3.4% respectively with all other variables including tax rate being held constant, the effects on net profit and other comprehensive income would have been:

	2020		2019	
	Net profit \$'000	Other comprehensive income \$'000	Net profit \$'000	Other comprehensive income \$'000
The Group				
Listed in Singapore				
– increased by	7	–	_**	_**
– decreased by	(7)	–	_**	_**
Listed in US				
– increased by	–	160	–	–
– decreased by	–	(160)	–	–
Listed in Hong Kong				
– increased by	–	70	–	–
– decreased by	–	(70)	–	–
Listed in Europe				
– increased by	–	8	–	–
– decreased by	–	(8)	–	–
Listed in Japan				
– increased by	–	1	–	–
– decreased by	–	(1)	–	–

** Exposure is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group places cash in excess of operating requirements mainly in SGD fixed deposits with financial institutions. If SGD interest rates had increased/decreased by 0.01% (2019: 0.06%) with other variables including tax rate being held constant, the effects on net profit would have been as follows:

	Increase/(Decrease) in net profit	
	2020	2019
	\$'000	\$'000
The Group		
SGD interest rate		
– strengthened	16	109
– weakened	(16)	(109)
The Company		
SGD interest rate		
– strengthened	1	6
– weakened	(1)	(6)

There were no outstanding borrowings in 2020 and 2019.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

To minimise credit risk for trade receivables, management ensures that proper credit evaluation is done on potential customers, and that proper approvals have been obtained for the determination of credit limits. Management monitors the status of outstanding debts and ensures that follow-up action is taken to recover the overdue amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

As the Group obtains bankers' guarantees and cash deposits from certain customers, the maximum exposure to credit risk for each class of financial instruments for the Group and the Company is the carrying amount of that class of financial instruments presented on the balance sheet except for trade receivables of the Group as follows:

	The Group	
	2020 \$'000	2019 \$'000
By geographical areas		
Singapore	12,207	13,652
Malaysia	25,723	28,898
Cambodia and Vietnam	6,473	8,958
China and Hong Kong	680	497
North America	2,671	3,383
Indonesia	3,990	4,563
Europe	566	911
Other countries	459	1,706
Trade receivables – net (Note 12)	52,769	62,568
Less: Amounts covered by bankers' guarantees and cash deposits	(12,283)	(16,730)
Maximum exposure to credit risk for trade receivables	40,486	45,838
By types of customers		
<u>Consumer food and beverage products</u>		
Related parties	223	57
Non-related parties:		
– Supermarkets, minimart chains, provision shops and gas stations	17,102	17,237
– Hotels, bars/pubs, restaurants, food courts and coffee shops	1,908	2,488
– Wholesalers and distributors	29,405	38,769
– Vending sales	367	371
– Others	3,764	3,646
	52,769	62,568

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

Movements in credit loss allowance on trade receivables:

	The Group	
	2020 \$'000	2019 \$'000
Beginning of financial year	415	258
– Currency translation differences	(30)	(4)
Loss allowance recognised in profit or loss during the year on:		
– Assets originated	3,399	509
– Reversal of unutilised amounts	(649)	(253)
	2,750	256
– Allowance utilised	(122)	(95)
End of financial year	3,013	415

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics. In calculating the expected credit loss rates, the Group considers historical loss rates for each geographic region of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the sector default risk rate of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates if there are significant changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as doubtful if the counterparty fails to make contractual payments within 90 days when they fall due, and provides full credit loss allowance for the financial asset when a debtor fails to make contractual payments greater than 120 days past due if there are no strong indicators of recoverability. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 are set out in the provision matrix as follows:

	Weighted average loss rate %	The Group Net carrying amount* \$'000	Credit loss allowance \$'000
31 December 2020			
By geographical areas			
Singapore	0.9%	12,207	113
Malaysia	13.1%	17,578	2,300
Cambodia and Vietnam	–	5,153	–
China and Hong Kong	–	672	–
North America	1.2%	2,671	31
Indonesia	0.4%	1,180	5
Europe	–	566	–
Other countries	122.9%	459	564
		40,486	3,013
31 December 2019			
By geographical areas			
Singapore	0.5%	13,652	64
Malaysia	1.2%	21,364	267
Cambodia and Vietnam	–	2,331	–
China and Hong Kong	–	491	–
North America	0.9%	3,383	31
Indonesia	2.7%	2,000	53
Europe	–	911	–
Other countries	–	1,706	–
		45,838	415

* Excluding trade receivables covered by collaterals.

There is no concentration of customers' credit risk for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Cash and cash equivalents

Cash and cash equivalents are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies and are subject to immaterial credit loss.

(iii) Other receivables and loans to subsidiaries

The Group held other receivables from non-related parties, government grant receivable and an associated company of \$10,745,000 (2019: \$6,121,000), and the Company held other receivables (net of impairment) from non-related parties, government grant receivable and subsidiaries of \$69,144,000 (2019: \$64,408,000) and loans to subsidiaries (net of impairment) of \$44,619,000 (2019: \$41,052,000). Impairment on these balances has been measured on the 12-month expected credit loss basis which reflects the low credit risk of exposures. The amount of the allowance on these balances is insignificant.

(c) Liquidity risk

The Group manages the liquidity risk by maintaining sufficient cash and cash equivalents to finance the Group's operations. In addition to funds generated from its operations, the Group also relies on adequate amount of committed credit facilities for its working capital requirements.

The table below analyses the maturity profile of financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than one year \$'000	Between one and five years \$'000	More than five years \$'000	Total \$'000
The Group				
At 31 December 2020				
Trade and other payables^	(63,815)	-	-	(63,815)
Lease liabilities	(3,452)	(4,308)	(17,831)	(25,591)
	(67,267)	(4,308)	(17,831)	(89,406)
At 31 December 2019				
Trade and other payables^	(59,490)	-	-	(59,490)
Lease liabilities	(3,203)	(7,335)	(19,237)	(29,775)
	(62,693)	(7,335)	(19,237)	(89,265)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than one year \$'000	Between one and five years \$'000	More than five years \$'000	Total \$'000
The Company				
At 31 December 2020				
Other payables	(6,919)	–	–	(6,919)
Lease liabilities	(659)	(2,525)	(17,831)	(21,015)
	(7,578)	(2,525)	(17,831)	(27,934)
At 31 December 2019				
Other payables	(55,723)	–	–	(55,723)
Lease liabilities	(652)	(2,609)	(19,237)	(22,498)
	(56,375)	(2,609)	(19,237)	(78,221)

^ Excluding contract liabilities.

(d) Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as lease liabilities plus trade and other payables less cash and cash equivalents. Where cash holding exceeds net debt, net debt is considered zero and hence no gearing. Total capital employed is calculated as equity plus net debt. There were no changes in the Group's approach to capital management during the year.

The gearing ratios as at 31 December 2020 and 31 December 2019 are as follows:

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net debt	–	–	6,599	55,729
Total equity	588,162	615,697	511,465	449,274
Total capital employed	588,162	615,697	518,064	505,003
Gearing ratio	Nil	Nil	1%	11%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 and Total \$'000
The Group	
31 December 2020	
Assets	
Financial assets, at FVPL	28
Financial assets, at FVOCI	2,398
31 December 2019	
Assets	
Financial assets, at FVPL	53

The fair values of financial assets traded in active markets are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These investments are included in Level 1.

There were no financial assets measured under Level 2 and 3 during the years ended 31 December 2020 and 2019.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost	329,080	365,930	128,188	120,374
Financial liabilities at amortised cost	82,267	81,227	20,987	70,606

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

34. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Far East Organization Pte. Ltd., incorporated in Singapore.

35. RELATED PARTY TRANSACTIONS

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year at terms agreed between the parties:

(a) Sales and purchases of goods and services

	The Group	
	2020 \$'000	2019 \$'000
Amount billed by Far East Orchard Limited Group:		
– Purchases of services	(2)	(2)
– Rental expense	(29)	(30)
Amount billed to/(by) Sino Land Company Limited Group:		
– Sales of goods	68	133
– Rental expense	(112)	(115)
– Purchases of services	(17)	(2)
Amount billed to/(by) other related parties:		
– Sales of goods	463	299
– Purchase of services	(523)	–
– Consultancy services	–	(12)
Amount billed to/(by) TM Foods Sdn. Bhd.:		
– Sales of goods	57	50
– Purchases of goods	(7,267)	(2,592)
Amount billed to/(by) Healthy Yum Beverage Sdn. Bhd.:		
– Sales of goods	–	47
– Purchases of goods	–	(49)
Operating lease commitment payable to:		
– Far East Orchard Limited Group	(29)	–
– Sino Land Company Limited Group	(28)	(136)

Far East Orchard Limited is a fellow subsidiary of the Company.

Sino Land Company Limited is a shareholder of the Company.

TM Foods Sdn. Bhd. is an associated company of the Group.

Healthy Yum Beverage Sdn. Bhd. is a joint venture of the Group.

Other related parties comprise companies that are controlled or significantly influenced by the Group's key management personnel or the shareholders of the Company's ultimate holding company.

Outstanding balances at 31 December 2020, arising from sales/purchases of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 24 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2020 \$'000	2019 \$'000
Wages and salaries	4,263	4,267
Directors' fees	755	1,115
Employer's contribution to defined contribution plans including Central Provident Fund	166	69
Other short-term employee benefits	636	356
	5,820	5,807

36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports that are used to make strategic decisions, allocate resources and assess performance by the Group Chief Executive Officer ("CEO").

Based on segment information reported to the CEO, the Group is organised into two main business segments:

- Consumer food and beverage products
- Others

The consumer food and beverages products segment is the main business of the Group which is principally in the business of manufacture, sale and distribution of beverages and food products. Revenue of the segment is primarily derived from sales of beverages and food products and also includes sales of non-food items the Group carries on the distribution network as well as service fees from extending warehousing services to non-related parties. The consumer food and beverage products segment operates across various markets and the CEO assesses performance and makes decisions about resources to be allocated on an overall segment basis.

Others segment of the Group mainly comprise investment property holding, equity investment holding and property development.

Revenue from major products, services and others are disclosed in Note 4.

Inter-segment transactions are recorded at their transacted price which is generally at arm's length. Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, other financial assets, inventories, receivables and operating cash, and exclude current income tax recoverable, deferred income tax assets and investments in associated companies and a joint venture. Segment liabilities comprise operating liabilities and exclude items such as current income tax liabilities and deferred income tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CEO for the reportable segments is as follows:

	Consumer food and beverage products \$'000	Others \$'000	Elimination \$'000	The Group \$'000
Year ended 31 December 2020				
Revenue				
– External sales	321,845	23	–	321,868
– Inter-segment sales	–	5,050	(5,050)	–
	<u>321,845</u>	<u>5,073</u>	<u>(5,050)</u>	<u>321,868</u>
(Loss)/Profit from operation	(16,050)	5,611	–	(10,439)
Share of profit of associated companies and a joint venture	325	–	–	325
Segment (loss)/profit	<u>(15,725)</u>	<u>5,611</u>	<u>–</u>	<u>(10,114)</u>
Finance expense				(621)
Loss before income tax				(10,735)
Income tax credit				703
Net loss				<u>(10,032)</u>
Segment assets	460,098	339,787	(127,436)	672,449
Associated companies and a joint venture	5,793	–	–	5,793
Unallocated assets				4,507
Consolidated total assets				<u>682,749</u>
Segment liabilities	200,295	14,912	(130,182)	85,025
Unallocated liabilities				9,562
Consolidated total liabilities				<u>94,587</u>
Other segment items				
Additions to property, plant and equipment	24,174	–	–	24,174
Fair value losses on financial assets designated as FVPL at initial recognition	–	25	–	25
Loss on disposal of property, plant and equipment	33	–	–	33
Interest income	(481)	(2,070)	–	(2,551)
Depreciation	16,317	–	–	16,317
Amortisation of intangible assets	273	–	–	273
Amortisation of capitalised letting fees	–	69	–	69
Fair value loss on investment properties – net	–	175	–	175
Currency translation loss – net	<u>772</u>	<u>7</u>	<u>–</u>	<u>779</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CEO for the reportable segments is as follows: (Continued)

	Consumer food and beverage products \$'000	Others \$'000	Elimination \$'000	The Group \$'000
Year ended 31 December 2019				
Revenue				
– External sales	358,696	26	–	358,722
– Inter-segment sales	–	5,551	(5,551)	–
	<u>358,696</u>	<u>5,577</u>	<u>(5,551)</u>	<u>358,722</u>
Profit from operation	3,107	21,529	–	24,636
Share of profit of associated companies and a joint venture	184	–	–	184
Segment profit	<u>3,291</u>	<u>21,529</u>	<u>–</u>	<u>24,820</u>
Finance expense				(723)
Profit before income tax				24,097
Income tax expense				(6,407)
Net profit				<u>17,690</u>
Segment assets	476,307	357,955	(126,102)	708,160
Associated companies and a joint venture	5,302	–	–	5,302
Unallocated assets				4,108
Consolidated total assets				<u>717,570</u>
Segment liabilities	203,211	11,116	(128,863)	85,464
Unallocated liabilities				16,409
Consolidated total liabilities				<u>101,873</u>
Other segment items				
Additions to property, plant and equipment	11,126	–	–	11,126
Gains on disposal and fair value gains on financial assets designated as FVPL at initial recognition	–	(3,627)	–	(3,627)
Gain on disposal of property, plant and equipment	(4,462)	(9,216)	–	(13,678)
Gain on disposal of investment properties	–	(293)	–	(293)
Interest income	(748)	(4,591)	–	(5,339)
Depreciation	15,446	–	–	15,446
Amortisation of intangible assets	217	–	–	217
Amortisation of capitalised letting fees	–	23	–	23
Fair value gains on investment properties – net	–	(2,406)	–	(2,406)
Currency translation gain – net	(184)	(17)	–	(201)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's main business segments operate in three main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally investment holding; manufacture, sale, distribution and export of beverages, food and other products; and provision of vending and warehousing services.
- Malaysia – the operations in this area are principally production, marketing, sale and distribution of beverages, food and other products.
- Cambodia – the operations in this area are principally production, marketing, sale and distribution of beverages and food products.
- Other countries – the operations include manufacturing; sale and distribution of beverages and food products; and investment holding.

With the exception of Singapore and Malaysia, no other individual country contributed more than 10% of consolidated sales. Sales are based on the country in which the customer is located. Non-current assets, comprising investments in associated companies, investment in a joint venture, investment properties, property, plant and equipment, intangible assets, other financial assets and non-current trade and other receivables, are shown by the geographical area where the assets are located.

	Revenue		Non-current assets	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Singapore	86,456	101,282	99,069	81,505
Malaysia	127,959	138,716	105,361	108,254
Other countries	107,453	118,724	98,478	100,441
	321,868	358,722	302,908	290,200

37. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Marketing and distribution expenses amounting to \$5,627,000 were reclassified to net of revenue for the financial year ended 31 December 2019. This is to be consistent with the current year's classification. There is no impact on net profit and balance sheet for the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. IMPACT OF COVID-19

The COVID-19 pandemic has affected the world, and resulted in restrictive measures imposed by the various governments. The Group's significant operations are in Singapore, Malaysia, People's Republic of China and Cambodia, all of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

- I. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- II. In 2020, respective governments' COVID-19 related measures have resulted in disruption to business and production, resulting in a negative impact on the Group's financial performance for 2020.
- III. In 2020, the Group has received rental rebates for the lease of leasehold land from JTC. The effects of such rental rebates received are disclosed in Note 5.
- IV. In 2020, the Group recognised government grants related to wage subsidy programmes. The effects of such government grants are disclosed in Note 8.
- V. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgements are applied on fair value of investment properties, valuation of inventory, impairment of trade receivables and non-financial assets.

As the global COVID-19 situation remains fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021.

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Yeo Hiap Seng Limited on 9 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

41. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding	
			2020 %	2019 %
<i>Significant subsidiaries held by the Company</i>				
YHS (Singapore) Pte Ltd (Singapore) ⁽¹⁾	Investment holding, manufacture, sale, distribution and export of beverages, sauces, canned food and provision of vending, warehousing services	Singapore	100	100
YHS International Pte Ltd (Singapore) ⁽¹⁾	Distribution of food and beverages	Singapore	100	100
YHS Investment Pte Ltd (Singapore) ⁽¹⁾	Investment holding	Singapore	100	100
Yeo Hiap Seng Investment Pte Ltd (Singapore) ⁽¹⁾	Investment holding	Singapore	100 ⁽⁴⁾	–
<i>Significant subsidiaries held by subsidiaries</i>				
Yeo Hiap Seng (Guangzhou) Food & Beverages Ltd (People's Republic of China) ⁽²⁾	Distribution of beverages	The People's Republic of China	100	100
Yeo Hiap Seng (Guangdong) Food & Beverages Ltd (People's Republic of China) ⁽²⁾	Manufacture and distribution of beverages	The People's Republic of China	100	100
YHS (Cambodia) Food & Beverage Pte Ltd (Cambodia) ⁽²⁾	Manufacture of food and beverages	Cambodia	100	100
YHS Hong Kong (2000) Pte Limited (Hong Kong) ⁽²⁾	Distribution of beverages and canned food	Hong Kong	100	100
YHS Trading (USA) Inc. (USA) ⁽³⁾	Distribution of beverages and canned food	USA	100	100
YHS (USA) Inc. (USA) ⁽³⁾	Investment holding	USA	100	100
Yeo Hiap Seng (Malaysia) Berhad (Malaysia) ⁽²⁾	Production, marketing and sale of beverages and food products	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

41. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding	
			2020 %	2019 %
<i>Significant subsidiaries held by subsidiaries (Continued)</i>				
Bestcan Food Technological Industrial Sdn Bhd (Malaysia) ⁽²⁾	Production of instant noodles	Malaysia	100	100
Yeo Hiap Seng (Sarawak) Sdn Bhd (Malaysia) ⁽²⁾	Dormant and property holding	Malaysia	100	100
Yeo Hiap Seng Trading Sdn Bhd (Malaysia) ⁽²⁾	Distribution of food and beverages	Malaysia	100	100
PT YHS Indonesia (Indonesia) ⁽²⁾	Distribution of food and beverages	Indonesia	100	100
PT Botani Beverage Indonesia (Indonesia) ⁽²⁾	Manufacture of food and beverages (currently inactive)	Indonesia	100	100

Legend:

(1) Audited by KPMG LLP, Singapore.

(2) Audited by other member firms of KPMG International.

(3) Audited by other firms of auditors. The names of the audit firms are as follows:

Companies

YHS Trading (USA) Inc.
 YHS (USA) Inc.

Name of audit firm

MOSS-ADAMS LLP Certified Public Accountants, a member of Moores Rowland International,
 a professional association of independent accounting firm

(4) Subsidiary was incorporated in 2020 (Note 18).

STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2021

Issued and Fully Paid-up Capital	:	\$228,244,695.915
No. of Shares Issued	:	579,911,041
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Treasury Shares and Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	541	9.92	14,617	0.00
100 – 1,000	1,602	29.37	846,683	0.15
1,001 – 10,000	2,683	49.19	9,483,156	1.64
10,001 – 1,000,000	615	11.28	26,271,394	4.53
1,000,001 and above	13	0.24	543,295,191	93.68
Total	5,454	100.00	579,911,041	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
Far East Organization Pte Ltd	309,973,933	53.45
Far East Spring Pte Ltd	63,888,889	11.02
Transurban Properties Pte Ltd	56,342,854	9.72
Citibank Nominees Singapore Pte Ltd	30,920,523	5.33
Sino Land Company Limited	24,661,978	4.25
OCBC Securities Private Ltd	15,948,147	2.75
DBS Nominees Pte Ltd	12,773,110	2.20
HSBC (Singapore) Nominees Pte Ltd	8,246,792	1.42
Bank of East Asia Nominees Pte Ltd	6,337,158	1.09
BNP Paribas Nominees Singapore Pte Ltd	4,858,113	0.84
Raffles Nominees (Pte) Limited	4,207,740	0.73
Morph Investments Ltd	3,930,000	0.68
United Overseas Bank Nominees Pte Ltd	1,205,954	0.21
OCBC Nominees Singapore Pte Ltd	918,899	0.16
Maybank Kim Eng Securities Pte. Ltd	637,235	0.11
Tan Cheok Hoong	613,900	0.11
Chong Yean Fong	600,000	0.10
Lim and Tan Securities Pte Ltd	588,029	0.10
Phillip Securities Pte Ltd	534,924	0.09
UOB Kay Hian Pte Ltd	513,213	0.09
Total	547,701,391	94.45

STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

	<u>Name of Substantial Shareholder</u>	<u>Direct Interest</u>	<u>% of Total</u>	<u>Deemed Interest</u>	<u>% of Total</u>
		<u>No. of Shares</u>	<u>Issued Shares⁽¹⁾</u>	<u>No. of Shares</u>	<u>Issued Shares⁽¹⁾</u>
1.	Far East Organization Pte. Ltd. ("FEO")	309,973,933	53.45	–	–
2.	Far East Spring Pte. Ltd. ("FES")	63,888,889	11.02	–	–
3.	Transurban Properties Pte. Ltd. ("TPPL")	56,342,854	9.72	–	–
4.	Ng Chee Tat Philip ("PN") ⁽²⁾	–	–	454,867,654	78.44
5.	The Estate of Mr Ng Teng Fong (Deceased) (the "Estate") ⁽³⁾	–	–	390,978,765	67.42
6.	Ng Chee Siong ("RN") ⁽⁴⁾	–	–	390,978,765	67.42
7.	Madam Tan Kim Choo @ Teng Kim Chow ("Madam Tan") ⁽⁵⁾	49,618	0.01	373,862,822	64.47
8.	Glory Realty Co. Private Ltd. ("Glory") ⁽⁶⁾	–	–	56,342,854	9.72

Notes:

- (1) Based on 579,911,041 issued shares as at 8 March 2021.
- (2) PN, in his capacity as a beneficiary of the Estate, is deemed to have an interest in shares in the Company in which the Estate is deemed to have an interest and, through his interest in FES, is deemed to be interested in FES' shareholding in the Company.
- (3) The Estate's deemed interest in shares in the Company include its interests through FEO, Glory and Sino Land Company Limited.
- (4) RN, in his capacity as a beneficiary of the Estate, is deemed to have an interest in shares in the Company in which the Estate is deemed to have an interest.
- (5) Madam Tan's deemed interest in shares in the Company arises through her interests in FEO and FES.
- (6) Glory, through its interest in TPPL, is deemed to have an interest in TPPL's shareholding in the Company.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 8 March 2021, approximately 21.55% of the issued ordinary shares of the Company is held in the hands of public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-fifth Annual General Meeting of the Company will be convened and held by way of electronic means on Thursday, 29 April 2021, at 3.00 p.m. (Singapore time) to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2020 and the report of the Auditors. **Ordinary Resolution 1**
2. To declare a final tax exempt dividend of \$0.02 per ordinary share for the financial year ended 31 December 2020. **Ordinary Resolution 2**
3. To approve the payment of \$695,325 as Directors' fees for the financial year ended 31 December 2020. (2019: \$1,054,692) **Ordinary Resolution 3**
4. (i) To re-elect the following Directors, each of whom retires by rotation pursuant to articles 94 and 95 of the Constitution of the Company:
 - (a) Mr Ng Win Kong Daryl **Ordinary Resolution 4**
 - (b) Mr S. Chandra Das **Ordinary Resolution 5**
- (ii) To re-elect the following Directors, each of whom retires pursuant to article 100 of the Constitution of the Company:
 - (a) Mr William Peter Adamopoulos **Ordinary Resolution 6**
 - (b) Mr Mohamad Halim Bin Merican **Ordinary Resolution 7**
 - (c) Mr Jonathan James Yong Ze Ng **Ordinary Resolution 8**
5. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. That authority be and is hereby given to the Directors of the Company to: **Ordinary Resolution 10**
 - (a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares, excluding treasury shares and subsidiary holdings, shall be calculated based on the total number of issued shares, excluding treasury shares and subsidiary holdings, at the time that this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

7. That:

Ordinary Resolution 11

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchase(s) on the Singapore Exchange Securities Trading Limited ("SGX-ST") and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

- (b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

"Maximum Limit" means that number of Shares representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)) as at the date of the passing of this Resolution;

NOTICE OF ANNUAL GENERAL MEETING

“Maximum Price” in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price; and
- (ii) in the case of an off-market purchase of a Share, 120% of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five Market Days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, before the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to an off-market purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to an off-market purchase;

“date of the making of the offer” means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase; and

“Market Day” means a day on which the SGX-ST (or, as the case may be, Other Exchange) is open for trading in securities; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

8. That pursuant to Section 161 of the Companies Act, Cap. 50, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares in the Company as may be required to be allotted and issued pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme. **Ordinary Resolution 12**

9. That subject to and contingent upon the passing of Resolution 14 below: **Ordinary Resolution 13**

- (a) a share-based incentive plan to be known as the “Yeo Hiap Seng Limited Share Incentive Plan” (the “Plan”), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting, under which:
 - (i) options (“Options”) to acquire ordinary shares of the Company (“Shares”) will be granted pursuant to the Plan; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) awards ("Awards") in the form of fully paid Shares, their equivalent cash value or combinations thereof will be granted, free of payment, pursuant to the Plan,

to eligible selected employees and officers of the Company and its subsidiaries (including Directors of the Company) and other selected participants, details of which are set out in the Company's Letter to Shareholders dated 6 April 2021, be and is hereby approved;

- (b) the Directors of the Company be and are hereby authorised:

- (i) to establish and administer the Plan;
- (ii) to modify and/or alter the Plan from time to time and at any time, provided that such modification and/or alteration is effected in accordance with the provisions of the Plan; and
- (iii) to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Plan; and

- (c) the Directors of the Company be and are hereby authorised to grant Options and Awards in accordance with the provisions of the Plan, and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of Options under the Plan and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of Awards under the Plan, provided that the aggregate number of new Shares to be issued pursuant to the Plan shall not exceed 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited)) from time to time.

10. That subject to and contingent upon the passing of Resolution 13 above, approval be and is hereby given for offers and grants of options to acquire ordinary shares of the Company ("Shares") to be made pursuant to the share-based incentive plan to be known as the "Yeo Hiap Seng Limited Share Incentive Plan" (the "Plan"), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting, to eligible selected participants of the Plan, to acquire Shares at such acquisition prices as may be determined and fixed in accordance with the provisions of the Plan, including any acquisition prices which are set at a discount to the market price for the Shares (as determined in accordance with the provisions of the Plan) at the time of the grant of such options, provided that the maximum discount shall not, in any case, exceed 20% of the relevant market price for a Share. **Ordinary Resolution 14**

BY ORDER OF THE BOARD

Neoh Sue Lynn
Company Secretary

Singapore, 6 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at or before the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 6 April 2021. This announcement may be accessed at the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** The accompanying Proxy Form for the Annual General Meeting may be accessed at the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The Proxy Form appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the registered office of the Company, Yeo Hiap Seng Limited, Attn: The Company Secretary, 3 Senoko Way, Singapore 758057; or
 - (b) if submitted electronically, be submitted via email to the Company at agm2021@yeos.com,

in either case, by **3.00 p.m.** on **26 April 2021**, being not less than 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed Proxy Forms electronically via email.

6. The Annual Report for the financial year ended 31 December 2020 ("2020 Annual Report") and the Letter to Shareholders dated 6 April 2021 in relation to the proposed renewal of the share purchase mandate and the proposed adoption of the Yeo Hiap Seng Limited Share Incentive Plan ("Letter to Shareholders") may be accessed at the Company's website at the URL <https://www.yeos.com.sg/investor-relations/annual-reports/> as follows:
 - (a) the 2020 Annual Report may be accessed at the above URL by clicking on the hyperlinks for "Annual Report 2020" under the section titled "ANNUAL REPORTS"; and
 - (b) the Letter to Shareholders may be accessed at the above URL by clicking on the hyperlink "April 2021" under the section titled "LETTER TO SHAREHOLDERS".
7. Any reference to a time of day is made by reference to Singapore time.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Notice of Books Closure:

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 14 May 2021 for the purposes of determining shareholders' entitlements to the proposed final dividend.

Duly completed and stamped transfers of the ordinary shares of the Company ("Shares") received by the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 12 May 2021 will be registered before shareholders' entitlements to the final dividend are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 12 May 2021 will rank for the proposed final dividend.

Subject to shareholders' approval at the Sixty-fifth Annual General Meeting to be held on 29 April 2021, the payment of the final dividend of \$0.02 per Share will be made on 28 June 2021.

Additional information relating to items of Ordinary and Special Business:

Item 4(i) – Mr Chin Yoke Choong, who is an Independent & Non-executive Director, also retires by rotation pursuant to articles 94 and 95 of the Constitution and, although eligible, has indicated that he is not offering himself for re-election. Mr Chin's retirement from the Board will take effect upon the conclusion of the Annual General Meeting. Upon retirement, he will cease to be the Chairman of the Audit & Risk Committee.

Ordinary Resolution 4 – Subject to his re-election, Mr Ng Win Kong Daryl, who is a Non-independent & Non-executive Director, will continue to serve as Chairman of the Board. Please refer to the sections "Profile of the Board of Directors", "Corporate Governance Report" and "Supplemental Information on Directors Seeking Re-Election" in the Annual Report 2020 for more information on Mr Ng Win Kong Daryl.

Ordinary Resolution 5 – Subject to his re-election, Mr S. Chandra Das, who is an Independent & Non-executive Director, will continue to serve as Deputy Chairman of the Board, Lead Independent Director, Chairman of the Nominating Committee, a member of the Audit & Risk Committee and a member of the Remuneration Committee. Please refer to the sections "Profile of the Board of Directors", "Corporate Governance Report" and "Supplemental Information on Directors Seeking Re-Election" in the Annual Report 2020 for more information on Mr S. Chandra Das.

Ordinary Resolution 6 – Mr William Peter Adamopoulos, who was appointed as a Director on 14 July 2020, holds office until this Annual General Meeting under article 100 of the Constitution of the Company and is eligible for re-election. Subject to his re-election, Mr William Peter Adamopoulos, who is a Non-independent & Non-executive Director, will continue to serve as a member of the Nominating Committee. Please refer to the sections "Profile of the Board of Directors", "Corporate Governance Report" and "Supplemental Information on Directors Seeking Re-Election" in the Annual Report 2020 for more information on Mr William Peter Adamopoulos.

Ordinary Resolution 7 – Mr Mohamad Halim Bin Merican, who was appointed as a Director on 30 July 2020, holds office until this Annual General Meeting under article 100 of the Constitution of the Company and is eligible for re-election. Subject to his re-election, Mr Mohamad Halim Bin Merican, who is an Independent & Non-executive Director, will continue to serve as a member of the Remuneration Committee. Please refer to the sections "Profile of the Board of Directors", "Corporate Governance Report" and "Supplemental Information on Directors Seeking Re-Election" in the Annual Report 2020 for more information on Mr Mohamad Halim Bin Merican.

Ordinary Resolution 8 – Mr Jonathan James Yong Ze Ng, who was appointed as a Director on 10 September 2020, holds office until this Annual General Meeting under article 100 of the Constitution of the Company and is eligible for re-election. Subject to his re-election, Mr Jonathan James Yong Ze Ng, who is a Non-independent & Non-executive Director, will continue to serve as a member of the Audit & Risk Committee. Please refer to the sections "Profile of the Board of Directors", "Corporate Governance Report" and "Supplemental Information on Directors Seeking Re-Election" in the Annual Report 2020 for more information on Mr Jonathan James Yong Ze Ng.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 10 – If passed, will authorise the Directors from the date of this Annual General Meeting up to the next Annual General Meeting, to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding 50 per cent. of the issued shares (excluding treasury shares and subsidiary holdings), of which up to 20 per cent. may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that the Ordinary Resolution is passed, after adjusting for the conversion or exercise of any convertible securities and share options or vesting of share awards that have been issued or granted (provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”)) and which are outstanding or subsisting at the time that the Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares. As at 8 March 2021, the Company did not have treasury shares or subsidiary holdings.

Ordinary Resolution 11 – If passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company’s financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 57,991,104 shares on 8 March 2021 representing approximately 10% of the issued shares (excluding treasury shares and subsidiary holdings) as at that date, at a purchase price equivalent to the Maximum Price per share, in the case of a market purchase and an off-market purchase respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2020 and certain assumptions, are set out in Paragraph 2.7 of the Company’s Letter to Shareholders dated 6 April 2021 (the “Letter”).

Ordinary Resolution 12 – If passed, will authorise the Directors to issue shares in the Company pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme to participating shareholders who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Ordinary Resolution 13 – If passed, will (i) approve the adoption of the Yeo Hiap Seng Limited Share Incentive Plan (the “Plan”) which is intended as a successor share-based incentive plan to the YHS Share Incentive Plan that expired on 25 April 2020, and (ii) empower the Directors to grant options and awards under the Plan, and to allot and issue shares pursuant to the exercise of options and/or the vesting of awards granted under the Plan, provided that the aggregate number of new shares which may be issued pursuant to the Plan, does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

Please refer to the Letter for more details.

Ordinary Resolution 14 – If passed, will authorise the Directors to make offers and grants of options under the Plan to eligible selected participants of the Plan, to acquire shares at such acquisition prices as may be determined and fixed in accordance with the provisions of the Plan, including any acquisition prices which are set at a discount to the market price for the shares (as determined in accordance with the provisions of the Plan) at the time of the grant of such options, provided that the maximum discount shall not, in any case, exceed 20% of the relevant market price for a share. Shareholders’ approval is being sought for the foregoing pursuant to Rule 845(5) of the Listing Manual of the SGX-ST, which requires that the maximum discount offered under any share scheme not exceed 20% and such discount must be approved by shareholders in a separate resolution.

If Ordinary Resolution 13 is not passed, Ordinary Resolution 14 will be withdrawn.

Please refer to the Letter for more details.

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ng Win Kong Daryl	S. Chandra Das
Date of appointment	13 June 2018	1 September 2002
Date of last re-appointment (if applicable)	26 April 2019	27 April 2018
Age	42	81
Country of principal residence	Hong Kong	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon the recommendation of the Nominating Committee and having reviewed the qualifications and experience of Mr Ng Win Kong Daryl ("Daryl Ng"), the Board of Directors has approved the appointment of Mr Daryl Ng as a Non-independent, Non-executive Director in view of his competency and suitability which will fit in the overall competency matrix of the Board.	The Board has considered the recommendation of the Nominating Committee and assessment of Mr Das' qualifications and experiences and is satisfied that he will continue to contribute towards the core competencies of the Board based on the strength of his calibre, experience and independence.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (eg. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> Non-independent & Non-executive Director 	<ul style="list-style-type: none"> Lead Independent & Non-executive Director Chairman of Nominating Committee Member of Audit & Risk Committee Member of Remuneration Committee
Professional qualifications	Bachelor of Arts degree in Economics and a Master of Science degree in Real Estate Development from Columbia University in New York, and an Honorary Doctor of Humane Letters degree from Savannah College of Art and Design. He is also an Honorary Fellow of the Open University of Hong Kong.	Bachelor of Arts degree (with honours) from the University of Singapore

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ng Win Kong Daryl	S. Chandra Das
Working experience and occupation(s) during the past 10 years	<p>Executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited since 28 April 2005 and Deputy Chairman since 1 November 2017.</p> <p>Independent Non-executive Director of The Bank of East Asia, Limited since 1 June 2015 and re-designated as Non-executive Director since 1 January 2018.</p> <p>All the above companies are listed on The Stock Exchange of Hong Kong Limited.</p>	<p>Chairman & Director of Nera Telecommunications Ltd from 1988 to 2013</p> <p>Director of Yeo Hiap Seng (Malaysia) Berhad from 2004 to 2013</p> <p>Director of Super Group Ltd from 2011 to 2017</p> <p>Chairman of Travelex Holdings (S) Pte Ltd from 2017 to 2019</p> <p>Chairman of Hope Medical Services Group from 2019 to 2020</p>
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Daryl Ng is the eldest son of Mr Robert Ng Chee Siong, a beneficiary of the Estate of the late Mr Ng Teng Fong, a substantial shareholder of the Company. Mr Ng is also the cousin of Mr Jonathan James Yong Ze Ng, a Non-independent & Non-executive Director of Yeo Hiap Seng Limited.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships: Past (for the last 5 years)	Nil	Nil

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ng Win Kong Daryl	S. Chandra Das
Present		<p>Sino Land Company Limited</p> <p>Tsim Sha Tsui Properties Limited</p> <p>Sino Hotels (Holdings) Limited</p> <p>The Bank of East Asia, Limited</p>	<p>Chairman of TalkMed Group Ltd</p> <p>Managing Director of NUR Investment & Trading Pte Ltd,</p> <p>Chairman of Goodhope Asia Holdings Ltd</p> <p>Chairman of Gashubunited Holding Private Limited</p> <p>Director of AEON Molecular Laboratory Pte Ltd and High Street Hospitality Pte Ltd</p>
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ng Win Kong Daryl	S. Chandra Das
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ng Win Kong Daryl	S. Chandra Das
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	William Peter Adamopoulos	Mohamad Halim Bin Merican	Jonathan James Yong Ze Ng
Date of appointment	14 July 2020	30 July 2020	10 September 2020
Date of last re-appointment (if applicable)	N/A	N/A	N/A
Age	58	55	30
Country of principal residence	Singapore	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board and Nominating Committee, having reviewed the qualification, experience and the relevant expertise of Mr Adamopoulos, is satisfied that Mr Adamopoulos possesses the necessary qualification, work experience and competencies to be appointed as a Non-independent & Non-executive Director to bring bench strength and add depth to the overall competency matrix of the Board.	The Board and Nominating Committee, having reviewed the qualification, experience and the relevant expertise of Mr Mohamad Halim Bin Merican, believe that his extensive background and considerable experience in hospitality and fast moving consumer goods will enable him to guide the Company with fresh and relevant insights in the areas of consumer shifts and trends in particular.	The Board and Nominating Committee, having reviewed the qualifications, experience and the relevant expertise of Mr Jonathan James Yong Ze Ng (" Mr Ng "), believe that Mr Ng will be a valuable addition to the Board's diversity of talent, as well as contributing to the strategic focus of the Company in its product sales and development.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive
Job Title (eg. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> Non-independent & Non-executive Director Member of Nominating Committee 	<ul style="list-style-type: none"> Independent & Non-executive Director Member of Remuneration Committee 	<ul style="list-style-type: none"> Non-independent & Non-executive Director Member of Audit & Risk Committee
Professional qualifications	Nil	(1) Diploma in Hotel Management and Food & Beverage, Hotel Management School "Les Roches" Switzerland (2) Certified Hotel Administrator (CHA), American Hotel & Lodging Educational Institute	Bachelor of Arts in Economics from the Stanford University
Working experience and occupation(s) during the past 10 years	Current: CEO, Forbes Media Asia Pte Ltd CEO/Asia, Forbes Media LLC Previously: President & Publisher, Forbes Asia	Present: CEO & Director, Uniq Hospitality Services Sdn Bhd Past: Dec 2018 – Mar 2020: GM, Wyndham Acmar Klang Hotel Aug 2017 – May 2018: Consultant/Owner Representative, Frangipani Langkawi Resort & Spa 2011 – 2017: GM, Seri Pacific Corporation Sdn Bhd and Seri Pacific Hotel Kuala Lumpur May 2005 – May 2011: Group GM, Impiana Hotels & Resorts Management Sdn Bhd	Aug 2015 – Present: Far East Organization Executive Director, CEO's Office Director (Special Projects, CEO's Office) Assistant Director, CEO's Office

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	William Peter Adamopoulos	Mohamad Halim Bin Merican	Jonathan James Yong Ze Ng
Shareholding interest in the listed issuer and its subsidiaries	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Forbes Media Asia has commercial and/or media interaction with Sino Group, Far East, Fullerton Hotels and the Ng family.	Nil	Mr Ng is the son of Mr Ng Chee Tat Philip and nephew of Mr Ng Chee Siong, beneficiaries of the Estate of the late Ng Teng Fong, a substantial shareholder of Yeo Hiap Seng Limited ("YHS"). Mr Ng is also the cousin of Mr Ng Win Kong, Daryl, Chairman of YHS. He is a director of Far East Organization Pte. Ltd., a substantial shareholder of YHS.
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including directorships:			
Past (for the last 5 years)	Nil	Board Member of the Malaysian Association of Hotels (MAH)	Nil
Present	Nil	(i) President and Board Member, MAH (ii) Director, Silver Infrastructure Sdn Bhd	(1) Executive Director, CEO's Office Far East Organization (2) Director, Precious Treasure Pte. Ltd. (3) Director, Precious Quay Pte. Ltd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		William Peter Adamopoulos	Mohamad Halim Bin Merican	Jonathan James Yong Ze Ng
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	Yes (Mr Ng was a director of Benny Burger Pty Ltd from 1 September 2016 to 15 April 2019 and the company was placed under creditors' voluntary liquidation on 23 September 2019. Benny Burger Pty Ltd is a proprietary company incorporated in Australia and a subsidiary of Vue Group Pty Ltd.)
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		William Peter Adamopoulos	Mohamad Halim Bin Merican	Jonathan James Yong Ze Ng
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		William Peter Adamopoulos	Mohamad Halim Bin Merican	Jonathan James Yong Ze Ng
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		William Peter Adamopoulos	Mohamad Halim Bin Merican	Jonathan James Yong Ze Ng
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

PROXY FORM
ANNUAL GENERAL MEETING

YEO HIAP SENG LIMITED

(Registration No: 195500138Z)

(Incorporated in Singapore)

Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2021.

IMPORTANT

1. The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, the Notice of Annual General Meeting will be sent to members by electronic means via publication on the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>. The Notice of Annual General Meeting will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at or before the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 6 April 2021. This announcement may be accessed at the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

I/We (Name) _____ (NRIC/Passport No./UEN) _____

of (Address) _____

being a member/members of Yeo Hiap Seng Limited (the "Company") hereby appoint the **Chairman of the Meeting**, as my/our proxy to attend, speak and vote for me/us and on my/our behalf, at the Sixty-fifth Annual General Meeting of the Company to be convened and held by way of electronic means on **Thursday, 29 April 2021 at 3.00 p.m.** (Singapore time) and at any adjournment thereof, in the following manner:

Ordinary Business		For *	Against *	Abstain *
Ordinary Resolution 1	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report			
Ordinary Resolution 2	Declaration of final dividend			
Ordinary Resolution 3	Approval of Directors' fees			
Ordinary Resolution 4	Re-election of Mr Ng Win Kong Daryl as Director			
Ordinary Resolution 5	Re-election of Mr S. Chandra Das as Director			
Ordinary Resolution 6	Re-election of Mr William Peter Adamopoulos as Director			
Ordinary Resolution 7	Re-election of Mr Mohamad Halim Bin Merican as Director			
Ordinary Resolution 8	Re-election of Mr Jonathan James Yong Ze Ng as Director			
Ordinary Resolution 9	Re-appointment of KPMG LLP as Auditors and authority for the Directors to fix their remuneration			
Special Business				
Ordinary Resolution 10	Approval of Share Issue Mandate			
Ordinary Resolution 11	Approval of renewal of Share Purchase Mandate			
Ordinary Resolution 12	Approval of issue of shares pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme			
Ordinary Resolution 13	Adoption of Yeo Hiap Seng Limited Share Incentive Plan			
Ordinary Resolution 14	Approval of grant of options with a discount feature under the Yeo Hiap Seng Limited Share Incentive Plan			

* Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please tick (✓) in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a tick (✓) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2021.

Total number of Shares held

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes to Proxy Form:

1. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This Proxy Form may be accessed at the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
2. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this Proxy Form appointing the Chairman of the Meeting as proxy will be deemed to relate to all the shares held by the member.
5. The Proxy Form appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the registered office of the Company, Yeo Hiap Seng Limited, Attn: The Company Secretary, 3 Senoko Way, Singapore 758057; or
 - (b) if submitted electronically, be submitted via email to the Company at agm2021@yeos.com,

in either case, by **3.00 p.m. on 26 April 2021**, being not less than 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed Proxy Forms electronically via email.

6. The Proxy Form appointing the Chairman of the Meeting as proxy must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or its duly authorised officer.
7. Where the Proxy Form appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof must (failing previous registration with the Company), if the Proxy Form appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the Proxy Form, or if the Proxy Form appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. Any reference to a time of day is made by reference to Singapore time.

General

The Company shall be entitled to reject the Proxy Form appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form appointing the Chairman of the Meeting as proxy lodged, if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



Serving Up Goodness Since 1900

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