

SERVING UP GOODNESS

ANNUAL REPORT 2022



REAL FEELS GOOD



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PROXY FORM

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present the annual report of Yeo Hiap Seng Limited ("Yeo's") for the financial year ended 31 December 2022 (FY2022).

We are reporting a net profit after two years of pandemic. I would like to extend my heartfelt appreciation to the management team for their strategies and execution of recovery plan, colleagues for the hard work and dedication, and partners for the steadfast support.

The lingering impact of the COVID-19 pandemic as well as the ensuing supply chain disruptions resulted in significant price increases in our raw materials and by other suppliers. Additionally, labour, freight and logistics costs spiked, putting pressure on our margins. Despite these challenges, we remained focused and worked on strategic adjustments, including raising prices for some of our products. We are glad to report improved results for our shareholders.

FINANCIAL OVERVIEW

In 2022, Yeo's ongoing efforts to grow our core business and improve profit margin bore fruit, with the Group reporting a net profit of \$2.4 million for FY2022 as compared with a net loss of \$2.9 million in the previous year.

Group revenue rose 6% to \$358.1 million, driven by higher growth in Malaysia, Cambodia, Indonesia and USA. Our China market was, however, affected by the country's measures to combat COVID-19.

Core Yeo's F&B revenue grew 4.7% to \$318.5 million, the highest since 2016. Price increases and cost reduction yielded a modest 0.3 percentage point improvement in gross profit margin.

“The Group ended the year with a healthy balance sheet with cash and cash equivalents of \$215.1 million and was debt free as at 31 December 2022.”



Daryl Ng
Chairman

“ With the robust balance sheet, the Group is well-placed to invest to rejuvenate our supply chain, product portfolio, and strengthen our brand. We want to position Yeo’s to capture growth opportunities as regional economies recover from pandemic disruptions.”

The Group ended the year with a healthy balance sheet with cash and cash equivalents of \$215.1 million and was debt free as at 31 December 2022. With the robust balance sheet, the Group is well-placed to invest to rejuvenate our supply chain, product portfolio, and strengthen our brand. We want to position Yeo’s to capture growth opportunities as regional economies recover from pandemic disruptions.

The Board is pleased to declare a final dividend of \$0.02 per share with a scrip dividend option for approval at our upcoming annual general meeting.

STRENGTHENING OUR CORE

The Group stepped up efforts during the critical festive selling periods of Chinese New Year and Hari Raya in Malaysia and Singapore, as both countries eased restrictions on social gatherings. We continued to promote festive consumption by enhancing our online presence and in-store displays; both markets retained leading Asian Drinks market share positions during the period under review.



Malaysia promoted the enjoyment of “Yeo’s Goodness” together, featuring the hero product Yeo’s soy milk 1L.



Malaysia’s “Enjoy Goodness Worth Sharing” Chinese New Year campaign.



Given the importance of connecting with younger consumers and the significant growth opportunity this demographic represents, we launched new marketing initiatives targeting Gen Z with core top-selling products. In Singapore, we emphasised the cooling benefits of chrysanthemum tea with our “It’s All Good” campaign; in Cambodia, we highlighted the refreshing properties of winter melon drink, while in Malaysia, we showcased the freshness of iced lemon tea and green tea jasmine with the “So Fresh So Cool” campaign.

Another milestone for the Group was the reformulation of Yeo’s iconic Asian drinks like chrysanthemum tea, soy milk, and other favourites to lower sugar levels, as well as to comply with Singapore’s new Nutri-Grade grading system for pre-packaged drinks on time. With the reformulation, all our beverages will fall in categories A and B this year, qualifying for the Health Promotion Board’s Healthier Choice label.

Other FY2022 highlights included the launch of brown sugar soy milk in Cambodia, and the relaunch of sugar cane drink, lychee drink and iced lemon tea in China. These product innovations demonstrate our commitment to staying relevant to the changing needs of our consumers.

“ With the reformulation, all our beverages will fall in categories A and B this year, qualifying for the Health Promotion Board’s Healthier Choice label. ”



Singapore promoted chrysanthemum tea's cooling properties with “It’s All Good” campaign.



Cambodia highlighted the refreshing taste of winter melon drink.



China’s sugar cane, lychee, and less sugar lemon tea drinks have upgraded packaging designs to appeal to the young.



Our 5 core values are Integrity, One Team, Ownership, Excellence and Entrepreneurship. These values are a set of beliefs that define Yeo's.

PROTECTING AND INVESTING IN OUR PEOPLE

Our employees are our valuable assets, investing in their growth and development is key to our success.

During the period under review, we initiated a comprehensive training and development programme designed to enhance the skills and knowledge of our employees. This included on-the-job training, workshops, and access to online learning resources. We also introduced cross functional sharing conducted by our ISME (Internal Subject Matter Experts) to ensure that our employees are equipped with the necessary skills and competencies to meet the challenges of a rapidly changing business landscape.

Additionally, we conducted a total of 22 workshops across the Group to entrench our core values as a guiding principle for everything we do, from how we interact with our customers to how we make decisions as a company.

I am confident that our focus on human capital development and training will enable us to achieve our long-term business goals and provide a positive return for shareholders.



Celebrating Singapore's hawker culture being added to UNESCO list of intangible cultural heritage, Yeo's played an integral role in shaping the hawker culture throughout the generations.

SERVING OUR COMMUNITIES

At Yeo's, we are committed to serving the communities we operate in.

Last year, we donated food and beverage products to public agencies, charitable organisations and disaster-stricken communities across the region.

In Malaysia, Yeo's contributed to the FAMINE 30 DIY Camp, which is part of an international initiative to combat hunger and poverty. We also extended a helping hand to a local NGO by supporting its "Super Breakfast" programme in primary schools.

In China, we supported frontline workers in Guangzhou by donating beverages to police stations and quarantine hotels during the COVID-19 lockdown. In Hong Kong, Yeo's was delighted to participate in Sino Group and Ng Teng Fong Charitable Foundation's Summer Programme, which provided more than 200,000 cans of chilled beverages to people in various districts in the city to help them stay hydrated during the heat wave.

In Singapore, Yeo's teamed up with Singapore Press Holdings (now SPH Media Trust) to present "Feeding Singapore," a three-part documentary that shines a spotlight on the resilience of local hawker heroes as they worked to sustain their livelihoods amid the pandemic.



FAMINE 30 DIY Camp: part of an international initiative to combat hunger and poverty, to build a better tomorrow for the underprivileged youth.

YEO'S AND NG TENG FONG CHARITABLE FOUNDATION ENTERED INTO A 3-YEAR PARTNERSHIP WITH WORLD KITEFOILING CHAMPION MAXIMILIAN MAEDER



“ We are excited to partner with Max, a talented sportsman and an inspiring role model for young people, demonstrating to them the importance of passion, dedication and stamina in realising one’s dream. ”



Yeo's and Ng Teng Fong Charitable Foundation also entered into a three-year partnership with World Kitefoiling Champion Maximilian Maeder. In supporting Max's training for the 2024 Summer Olympics for Singapore, we hope to inspire youth in Singapore and Asia to maximise their potential through hard work, goal setting and tenacity.

In Cambodia, Yeo's partnered with the Cambodian Children's Fund in the "A Million Cans to Build a Dream" initiative to build a new kindergarten in the south of the former Steung Meanchey landfill. In such underserved communities where provisions for safety or education are lacking, young children are often left to fend for themselves when their parents go to work. Yeo's kindergarten serves not only as an education institution but also a safe haven for children during the daytime.



Yeo's and the Cambodian Children's Fund built a new kindergarten in the southern part of the former Steung Meanchey landfill, opening up possibilities for a better future in the underprivileged community.

CORPORATE GOVERNANCE

I am pleased to share that Yeo's was ranked 49th, up 22 spots, in the 2022 Singapore Governance & Transparency Index ("SGTI"). The SGTI – a collaboration between CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations and the Singapore Institute of Directors – is the leading index for assessing corporate governance practices of Singapore listed companies.

Our efforts to improve our Transparency and Disclosure practices were also recognised by the Securities Investors Association (Singapore) which named Yeo's the winner of the Most Transparent Company Award 2022, Consumer Staples Category, for the second year running.



Yeo Hiap Seng Limited is honoured to be awarded the Winner of the prestigious Most Transparent Company Award 2022, Consumer Staples Category. Humbly receiving the award on behalf of Yeo Hiap Seng Limited is Heng Hee Choo, Chief Financial Officer.

In addition to stringent corporate governance practices, the Group is committed to maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. The Board, led by the Audit & Risk Committee, will continue to ensure that Management actively identifies and assesses business and operational risks in accordance with best practices, as well as maintains a sound system of risk management and internal controls.

OUTLOOK

The COVID-19 pandemic in the past three years dealt a series of challenges and has significant and far-reaching impact on the way we live, work and shop. Despite these disruptions, we made good progress in our core Food and Beverages division in FY2022.

With social distancing measures relaxed and economies returning to normalcy, we welcome shoppers back to stores and the resurgence of out-of-home consumption across Asia. China's post-COVID reopening is also expected to provide a strong impetus to beverage consumption.

The expected rebound in F&B spending this year may, however, be dampened by challenges posed by a possible recession in the developed countries with spillover effects on Asia. This, coupled with persistent inflation, may also weigh on business and consumer sentiment.

We will stay agile and adapt to the new dynamics by strengthening our in-store execution and partnership with F&B establishments. Essentially, we aim to delight our consumers with innovations that centre around original Asian goodness, as well as a refreshed look that appeals to younger consumers.

Looking ahead, we believe with clear product and marketing strategy focused on refreshing and nourishing consumers, strong operational discipline that keeps costs down, and a strong balance sheet, Yeo's is well-positioned to navigate uncertain consumer sentiments, volatile commodity prices, and build on a positive momentum from recovery to growth. The prudent measures have put us in a good position to invest for future growth.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to extend a warm welcome to Mr Ong Kay Eng as an Independent & Non-Executive Director, and Mr Leung Yu Hin Eugene as a Non-Independent & Non-Executive Director. I am confident their wealth of industry experience and knowledge will add depth and diversity to the Board.

I am also grateful to Mr Sitoh Yih Pin for his service and counsel to the Group since 2019. Mr Sitoh assumed the role of Chairman of the Nominating Committee on 1 January 2022 and has also served in various capacities on the Board, including as Chairman of the Remuneration Committee from 1 January 2020 to

“ We will stay agile and adapt to the new dynamics by strengthening our in-store execution and partnership with F&B establishments. Essentially, we aim to delight our consumers with innovations that centre around original Asian goodness, as well as a refreshed look that appeals to younger consumers. ”

31 December 2021, Chairman of the Audit and Risk Committee from 29 April 2021 to 15 July 2022, and Lead Independent Director from 1 January 2022 to 15 July 2022. Mr Sitoh will retire from the Board upon the conclusion of the forthcoming Annual General Meeting.

I am thankful to Mr William Adamopoulos, Non Independent & Non-Executive Director, who has served on the Board from 14 July 2020, and its Nominating Committee from 13 August 2020. He will retire from the Board upon the conclusion of the forthcoming Annual General Meeting. Mr Adamopoulos brings with him extensive experience in media and marketing. His service and insights on a wide range of issues are appreciated.

I would also like to thank Mr Samuel Koh, who as Group Chief Executive Officer (“Group CEO”) since 2020, led the Group through the unprecedented challenges presented by the COVID-19 pandemic. I welcome Mr Ong Yuh Hwang as our new CEO. Yuh Hwang brings with him extensive global, regional and country general management experience in both the consumer goods and chemical industries. I am confident he will inject fresh energy and perspective to chart the next stage of Yeo's growth plans.

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

Daryl Ng
Chairman

GOODNESS ACROSS GENERATIONS

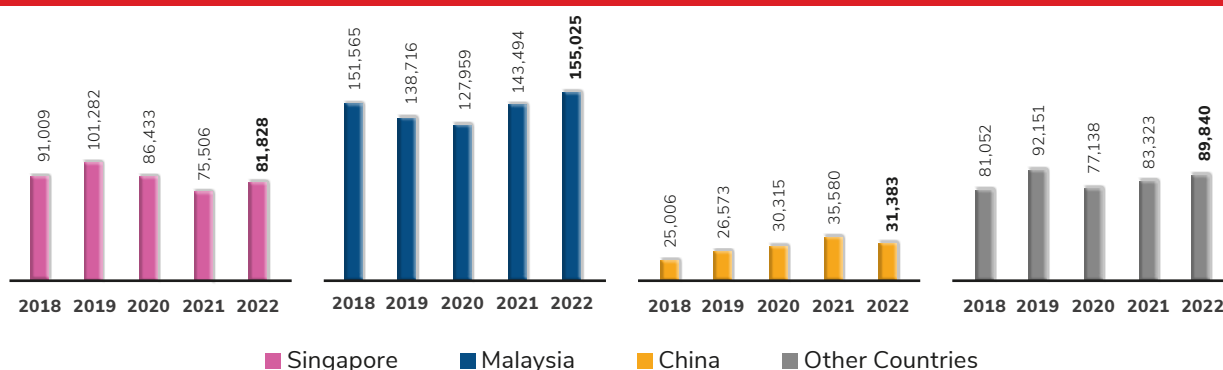


FINANCIAL HIGHLIGHTS

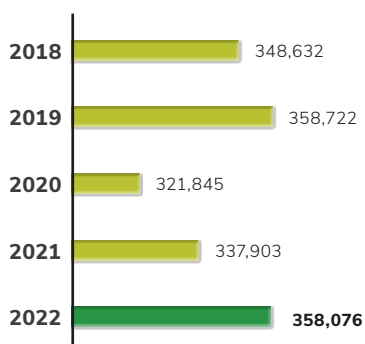
FIVE-YEARS STATISTICAL RECORD OF THE GROUP

\$'000	2018	2019	2020	2021	2022
REVENUE BY GEOGRAPHICAL SEGMENTS					
Singapore	91,009	101,282	86,433	75,506	81,828
Malaysia	151,565	138,716	127,959	143,494	155,025
China	25,006	26,573	30,315	35,580	31,383
Other countries	81,052	92,151	77,138	83,323	89,840
TOTAL GROUP REVENUE	348,632	358,722	321,845	337,903	358,076
Net profit/(loss) after tax	12,022	17,690	(10,032)	(2,913)	2,388
Net tangible assets	633,132	610,451	583,189	578,882	567,000

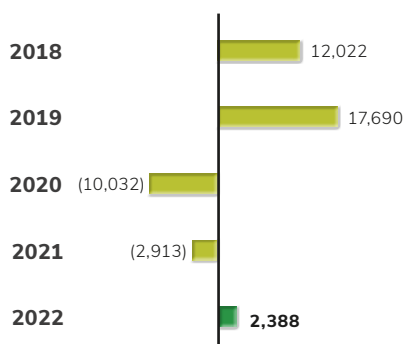
REVENUE BY GEOGRAPHICAL SEGMENTS



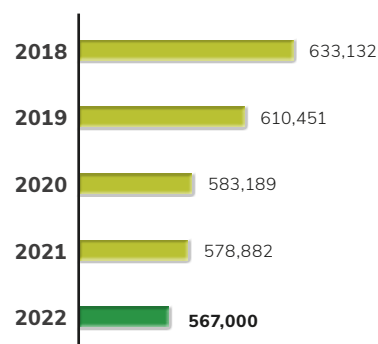
GROUP REVENUE



NET PROFIT/(LOSS) AFTER TAX



NET TANGIBLE ASSETS



CORPORATE INFORMATION

BOARD OF DIRECTORS

MR NG WIN KONG DARYL *Chairman*

MR ONG KAY ENG *Lead Independent Director*

MR SITOH YIH PIN

MS LUO DAN

MR WILLIAM PETER ADAMOPOULOS

MS GOI LANG LING LAUREEN

DR LIM SU LIN

MR MOHAMAD HALIM BIN MERICAN

MR JONATHAN JAMES YONG ZE NG

MR LEUNG YU HIN EUGENE

Non-Independent & Non-Executive Director

Independent & Non-Executive Director

Independent & Non-Executive Director

Independent & Non-Executive Director

Non-Independent & Non-Executive Director

Independent & Non-Executive Director

Independent & Non-Executive Director

Independent & Non-Executive Director

Non-Independent & Non-Executive Director

Non-Independent & Non-Executive Director

COMPANY SECRETARY

MS NOR HAFIZA ALWI

AUDIT & RISK COMMITTEE

MR ONG KAY ENG *Chairman*

MS GOI LANG LING LAUREEN *Member*

MR MOHAMAD HALIM BIN MERICAN *Member*

MR JONATHAN JAMES YONG ZE NG *Member*

MR LEUNG YU HIN EUGENE *Member*

NOMINATING COMMITTEE

MR SITOH YIH PIN *Chairman*

MR WILLIAM PETER ADAMOPOULOS *Member*

DR LIM SU LIN *Member*

MS LUO DAN *Member*

MR ONG KAY ENG *Member*

MR LEUNG YU HIN EUGENE *Member*

REMUNERATION COMMITTEE

MS LUO DAN *Chairman*

MR SITOH YIH PIN *Member*

MS GOI LANG LING LAUREEN *Member*

MR LEUNG YU HIN EUGENE *Member*

REGISTERED OFFICE

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SHARE REGISTRAR

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77 Robinson Road

#06-03 Robinson 77

Singapore 068896

Tel: (65) 6593 4848

INDEPENDENT AUDITORS

KPMG LLP

12 Marina View

#15-01 Asia Square Tower 2

Singapore 018961

Partner-in-charge: **MS YEO LIK KHIM**

Year Appointed: 2019

PROFILE OF THE BOARD OF DIRECTORS

NG WIN KONG DARYL

Chairman, Non-Independent & Non-Executive Director

Age	44	Principal commitments (other than directorships in other listed companies)	<ul style="list-style-type: none">• Member of the Global Leadership Council of Columbia University in the City of New York• Member of the 12th and 13th Beijing Municipal Committees of the Chinese People's Political Consultative Conference ('CPPCC')• Member of the Standing Committee of the 14th Beijing Municipal Committee of Chinese People's Political Consultative Conference• 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• Member of the Board of Hong Kong Science and Technology Parks Corporation• Member of the Cyberport Advisory Panel (until 31 December 2022)• Adviser to the Our Hong Kong Foundation• Council Member of the Hong Kong Chronicles Institute• Member of the Estate Agents Authority of HKSAR• Council Member of the Employers' Federation of Hong Kong• Member of the HKTDC Mainland Business Advisory Committee (until 31 March 2022)• Member of the Board of Mind HK• Director of The Community Chest of Hong Kong• Member of the Council of the Hong Kong Committee for UNICEF• Council Member of the Hong Kong Management Association• Member of the Board of the M Plus Museum Limited (a subsidiary of the West Kowloon Cultural District Authority)
Designation	<ul style="list-style-type: none">• Chairman• Non-Independent & Non-Executive Director		
Date of first appointment as a Director	13 June 2018		
Date of appointment as Chairman	1 January 2020		
Date of last re-election as a Director	29 April 2021		
Length of service as a Director (as at 31 December 2022)	4 years 6 months		
Board Committee(s) served on	Nil		
Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries	<p>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.</p>		
Present directorships in other listed companies	<ul style="list-style-type: none">• Deputy Chairman of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited• Non-Executive Director of The Bank of East Asia, Limited		

- Member of the Council of the University of Hong Kong
- Member of the Court of the Hong Kong University of Science and Technology
- Director of The Real Estate Developers Association of Hong Kong
- Member of the National Heritage Board of Singapore
- Member of the NUS Medicine International Council of the Yong Loo Lin School of Medicine of the National University of Singapore
- Member of the Singapore Management University International Advisory Council

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Mr Ng has close to two decades of experience in real estate, hotel and banking, having held multiple leadership positions in these industries. He has been an Executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited since April 2005 and Deputy Chairman since November 2017. He is also Director of a number of respective subsidiaries and associated companies.

Mr Daryl Ng has established the Hong Kong-ASEAN Foundation, a not-for-profit organisation promoting and deepening ties between Hong Kong and the ASEAN to build a community of shared future to reinforce Hong Kong's international position and support future growth. The Foundation facilitates exchanges between ASEAN and China through Hong Kong on areas encompassing arts and culture, ESG, innovation, education and trades. Leveraging on Hong Kong's rich expertise and role as a nexus, the Foundation seeks to bring people together and co-create solutions.

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

ONG KAY ENG

Independent & Non-Executive Director

Age

76

Designation

- Lead Independent Director
- Independent & Non-Executive Director

Date of first appointment as a Director

15 July 2022

Date of last re-election as a Director

Not Applicable

Length of service as a Director (as at 31 December 2022)

5 months

Board Committee(s) served on

- Chairman of Audit & Risk Committee
- Member of Nominating Committee

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

Nil

Present directorships in other listed companies

- Independent & Non-Executive Director of:
 - Sino Land Company Limited
 - Tsim Sha Tsui Properties Limited
 - Sino Hotels (Holdings) Limited, and
 - EnGro Corporation Limited

Principal commitments (other than directorships in other listed companies)

Nil

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Mr Ong has been a veteran banker with extensive experience in banking and finance over 43 years. He started his career with Mercantile Bank Ltd in London and subsequently served the Hong Kong & Shanghai Bank Corporation and UBS before becoming the General Manager and Country Head for American Express Bank Singapore branch covering South Asia for nearly 10 years. During the same period, he was on the Board of Pacific Bank Malaysia.

Mr Ong later became an advisor to E. Gutzwiller & Cie. Banquiers, Geneva, and was also the Deputy Chairman of the People Insurance Co Ltd for two years before accepting the role of the Chief Representative and Country Head in China for Banca Monte dei Paschi di Siena S.p.A. for 16 years. He remained as the bank's advisor and consultant for 2 years after he left China in 2006. He was also formerly the Chairman of Foreign Bankers' Association in Beijing, PRC.

SITOH YIH PIN

Independent & Non-Executive Director

Age

59

Designation

- Lead Independent Director (from 1 January 2022 to 15 July 2022)
- Independent & Non-Executive Director

Date of first appointment as a Director

1 October 2019

Date of last re-election as a Director

11 May 2020

Length of service as a Director (as at 31 December 2022)

3 years 3 months

Board Committee(s) served on

- Chairman of Nominating Committee (with effect from 1 January 2022)
- Chairman of Audit & Risk Committee (from 29 April 2021 to 15 July 2022)
- Member of Audit & Risk Committee (from 1 October 2019 to 28 April 2021)
- Member of Remuneration Committee (with effect from 1 January 2022)
- Chairman of Remuneration Committee (from 1 January 2020 to 31 December 2021)

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

Nil

Present directorships in other listed companies

Independent Director of Talkmed Group Limited

Principal commitments (other than directorships in other listed companies)

- Member of Parliament for Potong Pasir constituency
- Directorships in Companies within his firm:
 - CLA Global TS Holdings Pte. Ltd.
 - CLA Global TS Risk Advisory Pte. Ltd.

- CLA Global TS Tax Services Pte. Ltd.
- CLA Global TS Technology Pte. Ltd.
- CLA Global TS Advisory Pte. Ltd.
- CLA Global TS Advisory Sdn. Bhd.
- TSA Capital Pte Ltd
- TSA Recruitment Consultants Pte. Ltd.
- 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
 - People's Association, Board of Management

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

ISEC Healthcare Ltd.

Mr Sitoh is a Member of Parliament for Potong Pasir Constituency. He is also an Independent Director at TalkMed Group Limited. Mr Sitoh's principal commitments include being the Director of CLA Global TS Holdings Pte Ltd and its subsidiary companies. Mr Sitoh's past directorships in public listed companies include ISEC Healthcare Ltd.

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.

WILLIAM PETER ADAMOPOULOS

Non-Independent & Non-Executive Director

Age

60

Designation

Non-Independent & Non-Executive Director

Date of first appointment as a Director

14 July 2020

Date of last re-election as a Director

29 April 2021

Length of service as a Director (as at 31 December 2022)

2 years 5 months

Board Committee(s) served on

Member of Nominating Committee

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or 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.

Present directorships in other listed companies

Nil

Principal commitments (other than directorships in other listed companies)

- CEO, Forbes Media Asia Pte Ltd
- Senior Advisor to BandLab Technologies, Pacific Century Group and Barings Private Equity Asia
- Advisory Board Member, Asia Partners
- Advisor, Next Gen Foods Pte. Ltd.
- Member, Jr. NBA Asia Advisory Council

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Mr William 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 Australia, China, India, Indonesia, Japan, Korea, 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 a Senior Advisor to BandLab Technologies, Pacific Century Group and Barings Private Equity Asia, an Advisory Board Member of Asia Partners, an Advisor to Next Gen Foods Pte Ltd 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 graduate of Harvard College where he studied economics, Mr Adamopoulos is based in Singapore.

GOI LANG LING LAUREEN

Independent & Non-Executive Director

Age

52

Designation

Independent & Non-Executive Director

Date of first appointment as a Director

1 October 2019

Date of last re-election as a Director

29 April 2022

Length of service as a Director (as at 31 December 2022)

3 years 3 months

Board Committee(s) served on

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

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

Nil

Present directorships in other listed companies

Non-Executive Director of Yamada Green Resources Limited

Principal commitments (other than directorships in other listed companies)

- General Manager, Tee Yih Jia Food Manufacturing Pte Ltd
- EXCO, T&T Gourmet Cuisine Ltd
- EXCO, Acelink Logistic (S) Pte Ltd

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Ms Goi 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 Tee Yih Jia Food Manufacturing Pte Ltd. 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.

LIM SU LIN

Independent & Non-Executive Director

Age

53

Designation

Independent & Non-Executive Director

Date of first appointment as a Director

1 May 2019

Date of last re-election as a Director

29 April 2022

Length of service as a Director (as at 31 December 2022)

3 years 8 months

Board Committee(s) served on

Member of Nominating Committee

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

Nil

Present directorships in other listed companies

Nil

Principal commitments (other than directorships in other listed companies)

- Chief Dietitian at the National University Hospital in Singapore
- Member, Advisory Board of VSCL Holdings Pte. Ltd.
- Advisor of Kosmode Health Pte Ltd

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Dr Lim is the Chief Dietitian, Head of Department, Department of Dietetics & Health Education Hub, National University Health System.

Dr Lim has extensive experience as a clinical dietitian especially in chronic disease prevention and management, such as diabetes, pre-diabetes, heart disease, fatty liver and kidney disease. She conceptualized and led in multiple innovative and quality improvement projects, clinical researches; and development of nutrition screening and lifestyle intervention tools and processes; and 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. She has been conferred many awards for her significant work and contributions, and the recent awards include:

- 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

Dr Lim, graduated with a BSc of Dietetics (Honours), completed her Doctor of Philosophy (PhD) in Research in Clinical Nutrition at the Queensland University of Technology, and was awarded the Outstanding Doctoral Thesis Award in 2014.

LUO DAN

Independent & Non-Executive Director

Age

54

Designation

Independent & Non-Executive Director

Date of first appointment as a Director

1 January 2017

Date of last re-election as a Director

29 April 2022

Length of service as a Director (as at 31 December 2022)

6 years

Board Committee(s) served on

- Chairman of Remuneration Committee (with effect from 1 January 2022)
- Member of Remuneration Committee (from 27 April 2017 to 31 December 2021)
- Member of Nominating Committee

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

Nil

Present directorships in other listed companies

Nil

Principal commitments (other than directorships in other listed companies)

Director, Active Living Business Unit, Fonterra Group

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

In January 2021, Ms Luo Dan joined Fonterra Group and is currently Director, Active Living. She has been appointed as Director of 3 subsidiaries of Fonterra Group (Fonterra Brands (Asia Holdings) Pte. Ltd., Fonterra Brands (New Young) Pte. Ltd. and Fonterra Brands (Singapore) Pte. Ltd.) since 16 December 2022. She is also currently 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.

MOHAMAD HALIM BIN MERICAN

Independent & Non-Executive Director

Age

57

Designation

Independent & Non-Executive Director

Date of first appointment as a Director

30 July 2020

Date of last re-election as a Director

29 April 2021

Length of service as a Director (as at 31 December 2022)

2 years 5 months

Board Committee(s) served on

- Member of Audit & Risk Committee (with effect from 1 January 2022)
- Member of Remuneration Committee (from 13 August 2020 to 31 December 2021)

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

Nil

Present directorships in other listed companies

Nil

Principal commitments (other than directorships in other listed companies)

- CEO & Director, UniQ Hospitality Services Sdn Bhd
- Adjunct Professor, UNITAR International University Malaysia
- Member, Malaysian Association of Hotels
- Independent & Non-Executive Director, Sunshine Bread Sdn Bhd
- Fairway Hospitality and Events Sdn Bhd
- Genesis Opus Productions and Management Sdn Bhd

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Mr Halim has more than 37 years of experience in the hospitality industry and is the CEO of UniQ Hospitality Services Sdn Bhd, which provides hotel consultancy services and training. He served as a Board Member of the Malaysian Association of Hotels and was Acting President for the association from 2020 to 2021. He has held senior management roles in numerous international hotel brands, including Hyatt International, Pan Pacific Hotels Group, Hilton Hotels Group, Shangri-La Hotels and Wyndham Hotels Group. He also serves on the Tourism Malaysia Marketing and Strategic panel, focusing on America, Europe, Oceania and Asia Pacific. He also held senior management roles in several Malaysian brand group of hotels.

Mr Halim graduated from the Hotel Management School Les Roche in Switzerland. He is a Certified Hotel Administrator (CHA), a certification from the American Hotel & Lodging Educational Institute (AHLEI), and is the designated facilitator and proctor of the program in Malaysia. He is also a certified trainer under the Human Resources Development Corporation which is the HR Development arm of the Ministry of Human Resources.

JONATHAN JAMES YONG ZE NG

Non-Independent & Non-Executive Director

Age

32

Designation

Non-Independent & Non-Executive Director

Date of first appointment as a Director

10 September 2020

Date of last re-election as a Director

29 April 2021

Length of service as a Director (as at 31 December 2022)

2 years 3 months

Board Committee(s) served on

Member of Audit & Risk Committee

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

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.

Present directorships in other listed companies

Nil

Principal commitments (other than directorships in other listed companies)

Nil

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Mr Ng joined Far East Organization ("FEO") in 2015 and held several directorial positions before his appointment as Deputy Chief Executive Officer in 2021. He is responsible for providing strategic leadership in the functions of the Sales & Leasing Group, Customer Relations and Corporate Affairs. Mr Ng is also the Chairman of FEO Sales & Leasing Group Executive Committee.

Mr Ng is a director of various unlisted companies within FEO and 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 Stanford University.

LEUNG YU HIN EUGENE

Non-Independent & Non-Executive Director

Age

45

Designation

Non-Independent & Non-Executive Director

Date of first appointment as a Director

11 November 2022

Date of last re-election as a Director

Not Applicable

Length of service as a Director (as at 31 December 2022)

1 month

Board Committee(s) served on

- Member of Audit & Risk Committee
(from 1 January 2023)
- Member of Nominating Committee
(from 1 January 2023)
- Member of Remuneration Committee
(from 1 January 2023)

Relationship (including familial) with fellow Board members, the Company and/or its substantial shareholders or any of its principal subsidiaries

Mr Leung is employed as the Head of Watten Ventures which is a family office entity owned by the Ng Family.

Present directorships in other listed companies

Nil

Principal commitments (other than directorships in other listed companies)

- Director of Hong Kong United Youth Association
- Special invited Council Member of Greater Bay Area Homeland Youth Community Foundation

Past directorships in other listed companies held over the preceding three years (from 31 December 2019 to 30 December 2022)

Nil

Mr Leung is currently the Head of Watten Ventures. He has over 15 years of solid banking experience as an investment banker at UBS in London, JP Morgan, Credit Suisse and Morgan Stanley.

Mr Leung holds a Bachelor of Science degree in Computer and Accounting and a Master of Science degree in Investment Management from CASS Business School in the UK.

PROFILE OF MANAGEMENT

ONG YUH HWANG Chief Executive Officer

Mr Ong Yuh Hwang joined Yeo's as Chief Operating Officer on 5 September 2022 and was appointed Chief Executive Officer ("CEO") on 1 January 2023.

Mr Ong is an experienced business leader who has held international executive roles in brand management, sales, market strategy, business development, supply chain and start-up operations, both in the consumer goods and chemical industries. Before joining Yeo's, he served as CEO of Suntory Garuda Beverage Indonesia from July 2020 to August 2022.

From 1996 to 2020, he worked at Procter & Gamble Co. and took on various appointments including Vice President (Sales & Operations) at Procter & Gamble Philippines Inc. and CEO for Malaysia, Singapore, Brunei and Pacific Island.

During his tenure at Procter & Gamble, Mr Ong led the turnaround and accelerated growth across various markets and businesses by driving organisational transformation which included route-to-market re-invention, brand building and supply network re-design.

Mr Ong holds a Master of Business Administration (Hons) from the University of Chicago Booth School of Business, and a Bachelor of Electrical Engineering (Hons) from National University of Singapore.

HENG HEE CHOO Chief Financial Officer

Ms Heng Hee Choo was appointed Chief Financial Officer on 9 December 2022. She is responsible for the Group's finance, legal and corporate secretarial, information technology, and group risk management functions. Ms Heng joined Yeo's in July 2020 as the Head of Group Internal Audit and Risk Management and was appointed Deputy Chief Financial Officer in June 2022.

Before joining Yeo's, Ms Heng was the Deputy Head, Group Audit and Risk Management at Jardine Matheson Holdings Limited from January 2019. Prior to that, Ms Heng also held various internal audit and finance positions with Haier Group, Noble Group and Philips Electronics.

Ms Heng holds a Master of Business Administration from the New York University Stern School of Business and a Bachelor of Accountancy from the Nanyang Technological University. She is a Chartered Accountant (Singapore) of the Institute of Singapore Chartered Accountants.

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.

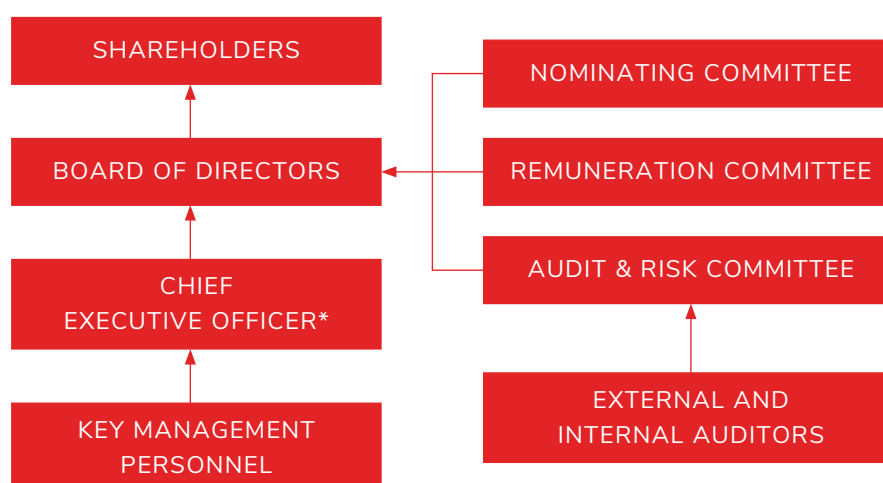
The Board and its committees have established policies and regulations on good governance, and such committees are guided by their respective terms of references (“Terms of Reference”).

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 2022 (“FY2022”) 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 11.4 – the provision in the Company’s constitution for absentia voting at general meetings of shareholders; and
- (b) Provision 11.6 – the provision of a corporate dividend policy.

CORPORATE GOVERNANCE FRAMEWORK



* With effect from 1 January 2023, the designation “Group Chief Executive Officer” (“Group CEO”) has been changed to “Chief Executive Officer” (“CEO”). Where the context requires, references in this Report to “CEO” should be read as referring to “Group CEO” which had been the designation in use during the financial year under review.

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 CEO and Directors, and overseeing the succession planning process;
- v. approving the remuneration for each Director, the CEO and key management personnel ("KMP");
- 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;
- viii. assuming responsibility for the Group's sustainability direction; and
- ix. ensuring transparency and accountability to key stakeholder groups.

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.

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

	Board	ARC	NC	RC	AGM
Non-Executive Directors					
Ng Win Kong Daryl	6/6	–	–	–	1/1
Ong Kay Eng ¹	3/3	3/3	2/2	–	–
Sitoh Yih Pin ²	6/6	3/3	4/4	2/2	1/1
William Peter Adamopoulos	6/6	–	4/4	–	1/1
Goi Lang Ling Laureen	6/6	6/6	–	2/2	1/1
Lim Su Lin	6/6	–	4/4	–	1/1
Luo Dan	6/6	–	3/4	2/2	1/1
Mohamad Halim Bin Merican	6/6	6/6	–	–	1/1
Jonathan James Yong Ze Ng	5/6	5/6	–	–	0/1
Leung Yu Hin Eugene ³	1/1	–	–	–	–

Annotations:

- 1 Appointed as Lead Independent Director, Chairman of the ARC and Member of the NC on 15 July 2022.
- 2 Stepped down as Chairman and Member of the ARC on 15 July 2022.
- 3 Appointed as Non-Independent and Non-Executive Director on 11 November 2022. He was also appointed as a Member of the ARC, NC and RC on 1 January 2023.

The CEO heads the team of 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 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 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.

Internal guidelines on matters requiring Board approval

The Company has in place a “**Group Delegation of Authority**” policy which sets 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 annual business plan/budget, investment/divestment of real estate, other strategic investments, entry into/exit from strategic partnerships, joint ventures and mergers and acquisitions related to the core food and beverage business, investment in/divestment of capital-at-risk financial instruments (including non-strategic financial instruments and instruments for hedging purposes) exceeding S\$20 million, issuance of equity/convertible instruments and establishment of Medium Term Note or any Bond Programmes.

Board induction, orientation and training

Newly appointed Directors are briefed on the Group’s businesses and governance practices by the 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 organised by the Singapore Institute of Directors at the Company’s expense.

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 Singapore Exchange Securities Trading Limited (“**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. All the Directors have attended training on sustainability matters which was mandated by the SGX-ST with effect from 1 January 2022.

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.

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.

Ms Tan Pek Bhee resigned as Company Secretary with effect from 6 January 2023 and Ms Nor Hafiza Alwi was appointed as Company Secretary with effect from 27 January 2023.

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 2022, the Board comprised ten (10) members of whom six (6) were independent and four (4) 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.

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 (as part of the yearly review conducted by the NC in the case of sitting independent Directors and, in the case of a newly appointed Director who is considered independent, as part of the review process for such individual's proposed appointment as a Director), 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. Mr Ong Kay Eng;
- iii. Ms Goi Lang Ling Lauren;
- iv. Dr Lim Su Lin;
- v. Ms Luo Dan; and
- vi. Mr Mohamad Halim Bin Merican.

Accordingly, the Board has, upon the NC's recommendation, affirmed that the abovenamed Directors are independent as contemplated by the Listing Manual and 2018 Code.

At the date of this Report, the Company does not have any Director who has served on the Board for more than nine years from the date of his/her first appointment.

Size, composition, 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.

Board Diversity Policy

During the financial year under review, the Company formalised and maintained a Board Diversity Policy that addresses diversity in terms of experience, skills, gender, age, tenure, and qualities, as well as any other relevant aspects of diversity. The Board Diversity Policy also sets out the approach which the Company takes towards diversity on its Board. The Company believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board's effectiveness – in particular, it believes that a balance and mix of skills, experiences and individual attributes of Board members which shape the composition and promote the effectiveness of the Board as a whole and that of the Board committees, will support the Company's achievement of strategic objectives and long-term sustainable development and success.

The Board observes and applies the Board Diversity Policy 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 appointed as RC Chairman since 1 January 2020 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. As the incumbent Board as at 31 December 2022 comprises seven (7) male Directors and three (3) female Directors, female Directors represent approximately one-third of the Board as at 31 December 2022.

The NC and the Board review and determine the targets, plans and timelines as well as progress being made thereon towards achieving each of the Board diversity aspects on an annual basis or as and when circumstances require, taking into consideration how the combination of attributes, skills and expertise of Board members would continue to serve the current and future needs of the Company.

Diversity Targets, Plans, Timelines and Progress

The Company's diversity targets, plans and timelines for achieving the targets and progress towards achieving the targets are set out below.

Diversity Targets, Plans and Timelines	Targets Achieved/Progress Towards Achieving Targets in FY2022
<p>Gender</p> <p>To ensure that at least 25% of the Board is made up of women by 2025, or (if applicable) to maintain such level of gender diversity during the period leading up to 2025.</p> <p>The Company believes in achieving an optimum mix of men and women on the Board, to provide different approaches and perspectives.</p>	<p>Achieved – As at the end of FY2022, three (3) out of ten (10) Directors are female. This represents 30% of the Board.</p>

Diversity Targets, Plans and Timelines	Targets Achieved/Progress Towards Achieving Targets in FY2022
<p>Age</p> <p>To ensure that the Board comprises Directors across the following age groups:</p> <ul style="list-style-type: none"> (i) below 45; (ii) 45 to 55; and (iii) 55 and above, <p>by 2025 or (if applicable) to maintain such level of age diversity during the period leading up to 2025.</p> <p>The Company believes that a Board with Directors in various age groups would provide a broad spectrum of thoughts and views in Board and Board committee deliberations, ensuring the Board’s decisions and/or strategies stay relevant as markets evolve.</p>	<p>Achieved – As at the end of FY2022, the Board comprises Directors across all three (3) age groups.</p> <p>In particular, three (3) Directors are below 45 years old, three (3) Directors are between 45 to 55 years old, and four (4) Directors are 55 years old and above.</p>
<p>Tenure</p> <p>To ensure that the Board comprises Directors across the following tenure groups:</p> <ul style="list-style-type: none"> (i) 4 years or less; and (ii) more than 4 years, <p>by 2025, or (if applicable) to maintain such level of tenure diversity during the period leading up to 2025.</p> <p>The Company believes that a mix of Directors with long and short tenures on the Board allows the Board to benefit from senior Directors’ knowledge continuity about the Company and its business operations, complemented by the fresh perspectives that new Directors may bring.</p>	<p>Achieved – As at the end of FY2022, the Board comprises Directors across both tenure groups.</p> <p>In particular, eight (8) Directors have been on the Board for 4 years or less, and two (2) Directors have been on the Board for more than 4 years.</p>

Diversity Targets, Plans and Timelines	Targets Achieved/Progress Towards Achieving Targets in FY2022
<p>Skills & Experience</p> <p>To ensure that the Directors, as a group, possess:</p> <ul style="list-style-type: none"> (i) a variety of skill sets (at least 5 Directors), including in core competencies, domain knowledge and other fields of expertise, which support the work of the Board and Board committees, and needs of the Company; and (ii) a mix of industry experience (at least 5 Directors), management experience, business acumen and listed company board experience, to help shape the Company's strategic objectives, and provide effective guidance and oversight of management and the Company's operations, <p>by 2025, or (if applicable) to maintain such level of diversity in skill sets and experience during the period leading up to 2025.</p> <p>The Company believes that a Board with diversity in:</p> <ul style="list-style-type: none"> (i) skills and expertise provides core competencies and brings well-balanced resources and skills in monitoring corporate performance and providing effective oversight of the business; and (ii) business background and industry knowledge provides a broad range of insights, perspectives and views to drive better decision-making in supporting the attainment of strategic objectives and sustainable development. 	<p>Achieved – As at the end of FY2022, the Board comprises Directors who possess the identified core skills & experience.</p> <p>In particular, the Board comprises Directors who have skills and domain knowledge across risk management, accounting & financial management, industrial/operational management, information technology and sales & marketing.</p> <p>In terms of experience, the Directors, collectively have experience in general business management, have served on public listed company boards and have international geographic experience.</p> <p>In terms of industry exposure and experience, the Directors collectively have exposure and experience in the following sectors: banking & finance, consumer packaged goods, healthcare, hospitality, industrial/manufacturing, media, public institutions and real estate & property.</p>

The Board, taking into account the views of the NC, considers that the current Board composition comprises a balance and mix of skills, experiences and individual attributes which promote the effectiveness of the Board as a whole and that of its Board committees. During the financial year under review, the Board has achieved its diversity targets. In relation to skills & experience, the Directors have wide ranging backgrounds and professional experience in industries such as

Banking & Finance, Consumer Packaged Goods, Industrial/Manufacturing, Media and Real Estate & Property. In relation to gender, diversity has been maintained during the financial year under review, with three (3) female Directors on the Board. In relation to age and tenure, the ongoing Board renewal and refreshment process is phased to ensure that the Company has a group of independent Directors whose ages and tenures span across different groups.

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.

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 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, who served as Group CEO until 31 December 2022, bore responsibility for the overall running of the Group's businesses. Mr Ong Yuh Hwang, who assumed the role of CEO on 1 January 2023, has since taken over

such responsibility. This division of responsibilities between the Chairman and the CEO is set out in writing in the Board's Terms of Reference.

Following Mr Koh Chee Boon's resignation as Group CEO, he was appointed as Consultant to the Group from 1 January 2023 and will continue in such capacity until 3 June 2023 (or such earlier date as may be mutually agreed) for an orderly transition. There is no familial relationship between the Chairman, Mr Ng Win Kong Daryl, and Mr Koh Chee Boon.

Mr Ong Yuh Hwang was appointed as CEO of the Company with effect from 1 January 2023 following Mr Koh Chee Boon's resignation as Group CEO. There is no familial relationship between the Chairman, Mr Ng Win Kong Daryl, and Mr Ong Yuh Hwang.

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. KMP 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 Ong Kay Eng as Lead Independent Director with effect from 15 July 2022 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. Prior to this, Mr Sitoh Yih Pin had served as Lead Independent Director from 1 January 2022 to 15 July 2022.

Shareholders with concerns may contact the Lead Independent Director 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.

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

As at 31 December 2022, the NC comprised five (5) Directors, namely, Mr Sitoh Yih Pin (Chairman of the NC), Mr Ong Kay Eng, Dr Lim Su Lin, Ms Luo Dan and Mr William Peter Adamopoulos. Save for Mr Adamopoulos, the other four (4) members of the NC, and hence a majority of the NC, are independent Directors. The Lead Independent Director, Mr Ong Kay Eng, is a member of the NC.

Following the appointment of Mr Leung Yu Hin Eugene to the Board on 11 November 2022 and as a member of the NC on 1 January 2023, the NC was reconstituted with effect from 1 January 2023 as follows:

- i. Mr Sitoh Yih Pin – Chairman
- ii. Mr Ong Kay Eng – Member
- iii. Ms Luo Dan – Member
- iv. Dr Lim Su Lin – Member

- v. Mr William Peter Adamopoulos – Member
- vi. Mr Leung Yu Hin Eugene – Member

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 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 (including alternate Directors, if any).

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

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.

At each AGM, one-third of the Directors, including the 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.

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, to ensure that a diverse slate of candidates is presented for the NC's and the Board's consideration.

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.

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.

The names of the Directors who are seeking re-election at the forthcoming AGM in April 2023 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 previous financial year ended 31 December 2021 (“**FY2021**”).

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.

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

As at 31 December 2022, the RC comprised three (3) independent and non-executive Directors, namely, Ms Luo Dan (Chairman of the RC), Mr Sitoh Yih Pin and Ms Goi Lang Ling Laureen.

Following the appointment of Mr Leung Yu Hin Eugene to the Board on 11 November 2022 and as a member of the RC on 1 January 2023, the RC was reconstituted with effect from 1 January 2023 as follows:

- i. Ms Luo Dan – Chairman
- ii. Mr Sitoh Yih Pin – Member
- iii. Ms Goi Lang Ling Laureen – Member
- iv. Mr Leung Yu Hin Eugene – Member

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 CEO's remuneration packages; and
- iii. recommending the quantum of performance bonus pool and share-based incentives for the CEO and key employees.

During the financial year under review, the RC held two (2) 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 KMP. 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.

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 KMP'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 seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate KMP to successfully manage the Company for the long-term.

The Company had the following incentive schemes in place for the financial year under review:

- (i) a short-term performance bonus plan based on a balanced scorecard comprising financial and non-financial key performance indicators ("KPIs") that had been approved by the RC and the Board at the beginning of the year;

- (ii) a 3-year vesting, long-term performance bonus plan based on the balanced scorecards for the relevant period, which comprises financial and non-financial KPIs that had been approved by the RC; and

- (iii) a long-term share-based incentive plan (the Yeo Hiap Seng Limited Share Incentive Plan).

The Yeo Hiap Seng Limited Share Incentive Plan was approved and adopted by shareholders of the Company at the AGM held on 29 April 2021. Previous to this, the Company had a long-term share-based incentive plan known as the YHS Share Incentive Plan which had expired on 25 April 2020.

The Yeo Hiap Seng Limited Share Incentive Plan is intended to provide an opportunity for employees and non-executive 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 is the committee responsible for the administration of this share plan.

Detailed information on the Yeo Hiap Seng Limited Share Incentive Plan can be found in the Directors' Statement and the "Notes to the Financial Statements" section in the Annual Report.

The remuneration package of the 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 CEO does not have fixed-term tenure and does not contain onerous removal clauses.

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 that are taken into account include the 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 to provide good stewardship of the Company.

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 2022
	S\$
Chairman (Flat Fee)	350,000
Lead Independent Director	30,000
Non-Executive Directors – Basic Fee	55,000
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 ¹	1,000
Attendance Fee for meetings outside of Singapore ¹	2,000

Annotation:

1 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 KMP 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.

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" section in the Annual Report.

Remuneration of individual Directors

Non-executive Directors' fees as shown in the table below relate to services rendered in respect of FY2022. Payment of the Directors' fees for FY2022 is subject to approval by shareholders at the forthcoming AGM in April 2023.

Non-Executive Directors	Directors' Fees (FY2022)
	S\$
Ng Win Kong Daryl ¹	350,000 (waived)
Ong Kay Eng ²	69,808
Sitoh Yih Pin ³	134,589
William Peter Adamopoulos	76,000
Goi Lang Ling Laureen	96,000
Lim Su Lin	76,000
Luo Dan	95,000
Mohamad Halim Bin Merican	83,000
Jonathan James Yong Ze Ng	81,000
Leung Yu Hin Eugene ⁴	8,685

Annotations:

- 1 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.
- 2 Pro-rated in accordance with Mr Ong's appointment as Lead Independent Director, Chairman of the ARC and Member of the NC from 15 July 2022.
- 3 Pro-rated in accordance with Mr Sitoh's cessation as Lead Independent Director, and Chairman of the ARC from 15 July 2022.
- 4 Pro-rated in accordance with Mr Leung's appointment as Non-Independent and Non-Executive Director from 11 November 2022.

Remuneration of Group CEO and key management personnel

The remuneration of the Mr Koh Chee Boon, the Group CEO for FY2022 is as follows:

	Total Gross Remuneration	Fixed Salary ¹	Variable Bonus ²	Benefits-in-kind & Others ³
Group CEO	S\$	%	%	%
Koh Chee Boon ⁴	1,906,908	39.4%	26.9%	33.7%

Annotations:

- 1 Fixed Salary refers to base salary, fixed allowances and contractual bonuses, where applicable.
- 2 Variable Bonus refers to cash bonuses awarded for Mr Koh's performance for FY2022.
- 3 Benefits-in-kind & Others are stated on the basis of direct costs to the Group and is inclusive of payments in respect of 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.
- 4 Resigned as Group CEO on 31 December 2022.

The remuneration of the KMP for FY2022 (excluding Mr Koh Chee Boon, the Group CEO for FY2022) is as follows:

Key Management Personnel	Designation	Remuneration Band	Fixed Salary ¹	Variable Bonus ²	Benefits-in-kind & Others ³
		S\$	%	%	%
Ong Yuh Hwang ⁴	Chief Operating Officer	\$500,000 to \$749,999	30.2%	15.5%	54.3%
Ozgur Simsek ⁵	Managing Director, Emerging Markets	\$500,000 to \$749,999	76.5%	17.8%	5.7%
Ang Chong Lee ⁶	Chief Marketing Officer	\$500,000 to \$749,999	74.7%	18.0%	7.3%
Tan Xiaoliang	Chief Research & Development Officer	\$250,000 to \$499,999	69.1%	24.6%	6.3%
Jerson Go Uy ⁷	CEO, Malaysia, Indonesia & Brunei	\$250,000 to \$499,999	83.4%	0.0%	16.6%
Chan Ying Jian ⁸	Group Chief Financial Officer	\$250,000 to \$499,999	86.7%	0.0%	13.3%
Zhang Yihong ⁹	Managing Director, China	\$0 to \$249,999	79.1%	0.0%	20.9%
Heng Hee Choo ¹⁰	Chief Financial Officer	\$0 to \$249,999	76.4%	18.6%	5.0%

The aggregate remuneration paid or payable to the above KMP in the financial year under review was S\$2,840,518.

Annotations:

1. Fixed Salary refers to base salary, fixed allowances and contractual bonuses, where applicable.
2. Variable Bonus refers to cash bonuses awarded for performance for FY2022. Cash bonuses above certain amounts will be payable to KMP in instalments in accordance with a disbursement schedule over three years.
3. Benefits-in-kind & Others are stated on the basis of direct costs to the Group and is inclusive of payments in respect of 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.
4. Appointed on 5 September 2022. Promoted to CEO on 1 January 2023.
5. Appointed Managing Director, Indochina and Singapore on 4 February 2022. Redesignated as Managing Director, Emerging Markets on 7 October 2022.
6. Appointed on 10 January 2022.
7. Left employment on 31 July 2022.
8. Left employment on 10 August 2022.
9. Appointed on 25 October 2022.
10. Held position of Group Director, Internal Audit & Risk Management as at 1 January 2022 and subsequently promoted to Deputy CFO on 1 June 2022. Promoted to CFO on 9 December 2022.

Employees related to Directors/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 current CEO (Mr Ong Yuh Hwang), the former Group CEO (Mr Koh Chee Boon) or a substantial shareholder of the Company and whose remuneration exceeds S\$100,000.

Termination, retirement or post-employment benefits

No termination, retirement or post-employment benefits were granted to the Directors, the CEO or the KMP (who are not Directors or the 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 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 KMP, the total bonus awarded to the 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.

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 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 an established Quality Assurance function 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 help the Group respond to and recover from disruptive incidents;

iii. risk of loss of relevance of the Group's products to consumers as a result of changing consumer lifestyles and preferences, particularly with respect to the increasing concerns about the environmental impact of the Group's products and operations. The Group has been continuously conducting environmental scans to identify threats to the business, conducting research on products and packaging materials to ensure that the Group's products and operations continue to meet the expectations of stakeholders and 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 monitors and judiciously locks in raw material prices where appropriate and possible in order to manage raw material costs;

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 periodically reviews 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-related incidents;
- viii. risk of disruptions due to departure of KMP. The Group has a compensation scheme that seeks to attract and retain talent and prepares for succession of key appointment holders;
- ix. 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;
- x. 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;
- xi. the acceleration of digital adoption as a result of the COVID-19 pandemic not only changes workplace and consumer buying norms but may also disrupt existing business models. The Group constantly monitors these developments to calibrate its strategies and investments to mitigate against risks which may arise, or to capitalise on opportunities that present themselves; and
- xii. the health and safety of the Group's employees, customers and partners is a top priority. The Group follows the prevailing guidance and instructions of the local authorities in the markets where it operates as COVID-19 continues to evolve. The Group also has in place workplace safety committees at all manufacturing plant sites to ensure adequate safety measures are put in place for the health and well-being of its employees.

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.

Net loss understatement of wholly-owned subsidiary in Malaysia

On 19 October 2022, the Company announced that due to certain accounting errors on consolidation adjustments in the Company's wholly-owned subsidiary in Malaysia, Yeo Hiap Seng (Malaysia) Sdn Bhd.'s ("YHSM") consolidated financial statements, there had been an understatement in the net loss in the consolidated financial statements of YHSM of S\$2.1 million for FY2021 and S\$1.8 million for the half year ended 30 June 2022.

Following the identification of the aforementioned accounting errors, the Board, on the recommendation of the ARC, engaged its external auditors, KPMG to carry out certain agreed-upon procedures on YHSM's consolidated financial statements, and the Group's internal audit function (assisted by external consultants in Malaysia, Deloitte Business Advisory Sdn Bhd.) conducted an independent review to assess the adequacy and effectiveness of the key internal controls relating to the Group's financial reporting processes, in particular, the internal controls and governance framework and structure governing the finance function, as well as the financial reporting and group consolidation process at YHSM (collectively, the "Review").

As announced by the Company on 25 November 2022, the results of the Review included, *inter alia*, that no material weaknesses in the systems of internal controls within the finance function were identified. Nonetheless, the Review identified certain control observations and improvement opportunities, including in the communication of and compliance with Group policies and procedures, escalation of deviations to Group Finance, and documentation of consolidation entries and evidence of review, which Management will act upon with a view to improving and strengthening the key internal controls relating to the Group's financial reporting processes.

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

For the financial year under review, the Board was assured by the CEO and the CFO 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.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the assurance furnished by the CEO and the CFO 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 2022 to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

For the financial 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

As at 31 December 2022, the ARC comprised four (4) non-executive Directors, namely, Mr Ong Kay Eng (Chairman of the ARC), Ms Goi Lang Ling Laureen, Mr Mohamad Halim Bin Merican and Mr Jonathan James Yong Ze Ng. Save for Mr Jonathan James Yong Ze Ng, the other three (3) members of the ARC, and hence a majority of the ARC, are independent Directors. During the financial year under review, Mr Ong Kay Eng was appointed as an Independent & Non-Executive Director and Chairman of the ARC on 15 July 2022 in place of Mr Sitoh Yih Pin.

Following the appointment of Mr Leung Yu Hin Eugene to the Board on 11 November 2022 and as a member of the ARC on 1 January 2023, the ARC was reconstituted with effect from 1 January 2023 as follows:

- i. Mr Ong Kay Eng – Chairman
- ii. Ms Goi Lang Ling Laureen – Member
- iii. Mr Jonathan James Yong Ze Ng – Member
- iv. Mr Mohamad Halim Bin Merican – Member
- v. Mr Leung Yu Hin Eugene – Member

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 six (6) meetings.

Expertise of ARC members

The ARC members bring with them professional expertise and experience in the field of accounting and financial management. Mr Ong Kay Eng, the current ARC Chairman, is a veteran banker with over 43 years of experience in banking and finance. 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 CEO, at the invitation of the ARC, participates in the ARC’s deliberations.

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 CEO and CFO 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-ST, 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.

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 FY2022	S\$'000	% of Total Fees
Audit Fees	735	96
Non-audit Fees	34	4
Total Fees	769	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 policy, endorsed by the ARC, under which employees and other stakeholders of the Group may, in confidence, raise concerns to the Company about possible corporate irregularities, misconduct and/or wrongdoing in matters of financial reporting or other matters relating to the Company and its officers.

The Company has designated an independent function to investigate all whistleblowing reports made in good faith and Management provides quarterly updates to the ARC on such whistleblowing reports, if any. The ARC is responsible for oversight and monitoring of the Group's whistleblowing policy and arrangements.

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 and the Company is committed to ensure protection of the whistle-blower against detrimental or unfair treatment.

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 an independent internal audit function which reports directly to the ARC and administratively to the CEO.

The ARC reviews the independence, adequacy and effectiveness of the internal audit function and ensures that it is adequately resourced and effective.

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.

During the financial year under review, the Company's 66th AGM was convened and held by way of electronic means on 29 April 2022 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**"). As with its 66th AGM, the Company's forthcoming 67th AGM in April 2023 will be convened and held in a wholly electronic format. Shareholders (themselves or through duly appointed proxies) and CPF/SRS investors who are appointed as proxies by their relevant CPF Agent Banks/SRS Operators will be able to participate in the forthcoming AGM remotely via the live audio-visual webcast or live audio-only stream of the AGM proceedings. The upcoming AGM will be convened and held pursuant to the Ministerial Order and the Checklist (as read together with the FAQs on "The Holding of General Meetings" issued by Singapore Exchange Regulation on 23 May 2022 ("**SGX FAQs**")), to facilitate changes to the AGM arrangement if necessitated by regulatory authorities at the relevant time.

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, with respect to the alternative arrangements for the conduct of the 66th AGM convened and held on 29 April 2022 pursuant to the Ministerial Order and the Checklist, shareholders were only able to 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. At the forthcoming 67th AGM to be convened and held in a wholly electronic format pursuant to the Ministerial Order and the Checklist (as read together with the SGX FAQs), the Company will be implementing “live” Q&A and “live” voting whereby shareholders (themselves or through duly appointed proxies) and CPF/SRS investors appointed as proxies by their relevant CPF Agent Banks/SRS Operators, who access the audio-visual webcast of the 67th AGM, will be able to submit questions and to vote remotely in real-time through the webcast platform.

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. In general, all Directors are expected to attend general meetings of shareholders, unless they are unable to attend due to exigencies.

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 66th AGM held on 29 April 2022 on its corporate website and on SGXNET on 13 May 2022.

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.

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 at the time and in order to minimise the risk of community spread of the coronavirus, in respect of the virtual general meetings convened and held in 2020, 2021 and 2022 pursuant to the Ministerial Order and the Checklist, although shareholders were not able to physically attend such meetings, they were able to submit questions to the Chairman of the meeting in advance of the meeting and such questions (if they were substantial and relevant to the agenda items of the meeting) would have been addressed at or before the relevant meeting. As disclosed above, the Company's forthcoming 67th AGM in

April 2023 is intended to be convened and held in a wholly electronic format pursuant to the Ministerial Order and the Checklist (as read together with the SGX FAQs), and the Company looks forward to shareholders' participation at the meeting.

Soliciting and understanding views of shareholders

Outside of the financial reporting periods, when necessary and appropriate, the CEO will meet analysts and fund managers who seek a better understanding of the Group's operations. The 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 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. In particular, 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 or trade 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 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 previous financial year.

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)
		2022 S\$
<u>Far East Organization Group</u>	Associate of controlling shareholder	
Sale of goods		460,382
<u>Sino Land Company Limited Group</u>	Associate of controlling shareholder	
Sale of goods		238,727
<u>Baynard Limited</u>	Associate of controlling shareholder	
Reimbursement of expenses/costs		159,587
Purchase of services		100,000

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

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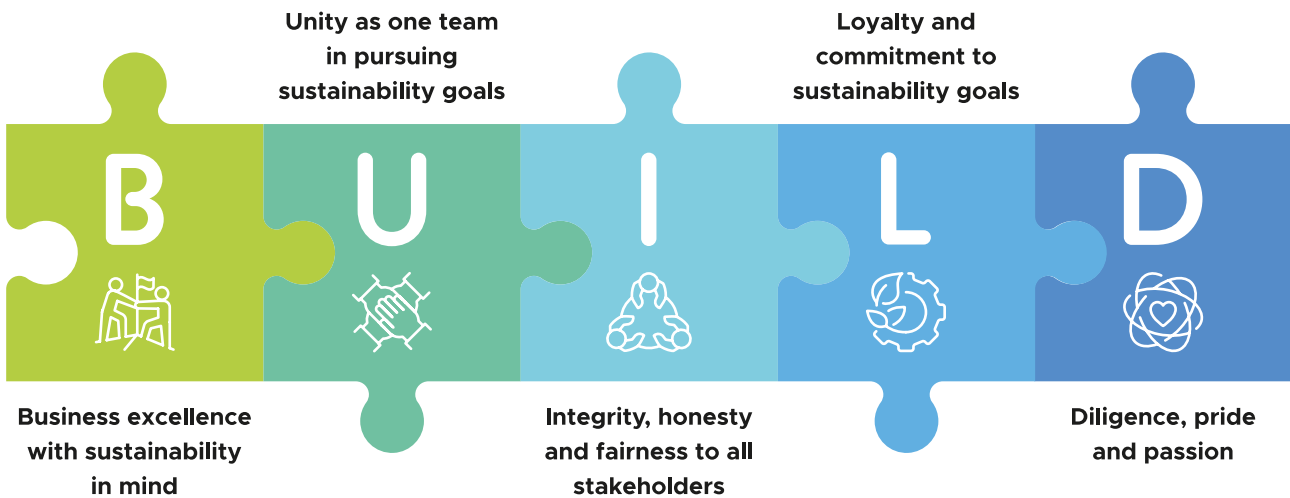


SUSTAINABILITY REPORT

CREATING A SUSTAINABLE FUTURE

YEO'S SUSTAINABILITY VALUES:

OUR APPROACH TO SUSTAINABLE DEVELOPMENT OF OUR BUSINESS IS GUIDED BY OUR SUSTAINABILITY VALUES:



Yeo Hiap Seng Limited (“Yeo’s”)’s sustainability report details our environmental, social and governance (“ESG”) performance for the calendar year 2022.

SUSTAINABILITY AT THE FOREFRONT

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 emphasises integrity, diligence as well as unity across functions as we stay loyal and committed to achieving our sustainability goals.

In FY2022, Yeo’s worked to improve our sustainability agenda with a renewed focus on areas that impacts both our business and the environment. As a responsible manufacturer, Yeo’s aims to provide the best product and value to our consumers yet at the same time understand that we need to place strong emphasis on sustainability as it presents an opportunity for us to leverage on our business strategies to minimise impact to the environment.

This is Yeo’s inaugural climate-related financial report prepared in accordance with the framework recommended by the Task Force on Climate-related Financial Disclosures (“TCFD”) and is also aligned with the Global Reporting Initiatives (“GRI”) standards.

The report presents a detailed discussion of our approach to the areas of materiality using the TCFD framework under the four core elements: climate-related governance, strategy, risk management, metrics and targets.

As climate-related scenario analysis is an emerging practice and often assumptions, opinions and experiences are used to assess and understand the materiality of climate-related risks and opportunities to the business, there are limited external assurance standards available and hence, Yeo’s is only able to provide internal assurance for the information in this Sustainability Report.



GROUP OVERVIEW

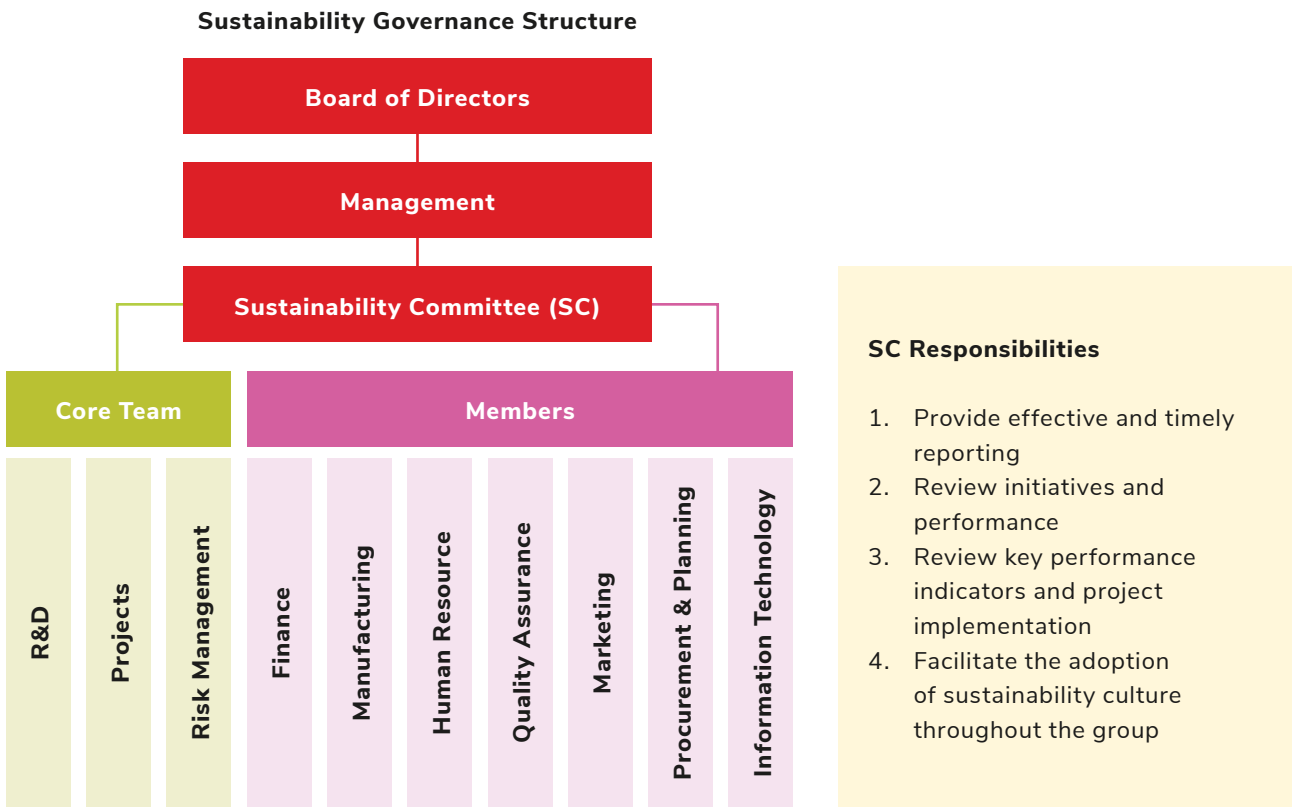
SUSTAINABILITY GOVERNANCE AND MANAGEMENT

At Yeo's, 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 Committee ("SC") which is headed by the Chief Research & Development Officer, who in turn reports to the management.

All the Directors have attended training on sustainability matters which was mandated by the SGX-ST with effect from 1 January 2022.

Reporting & Governance Structure

Yeo's SC is represented by members from major functions and provides the overall support to ensure that the sustainability work is communicated and well supported.



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.

	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"> › Training and development › Health, safety and general well-being environment › Engaging employment experience › Career development 	<ul style="list-style-type: none"> › Orientation programmes › Staff communication via townhalls, intranet, circulars, newsletter and emails › Performance and career development reviews
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 › Sustainable procurement 	<ul style="list-style-type: none"> › Face-to-face and/or virtual meetings › Email communication
Customers/Consumers	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 › Social media channels › Product marketing promotions and campaigns
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 › Seminars and Conferences

	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 ➤ Half-yearly reporting
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 ➤ Supporting social needs and events 	<ul style="list-style-type: none"> ➤ Corporate social responsibility events

RISK MANAGEMENT AND STRATEGY

Yeo's adopts our Enterprise Risk Management ("ERM") framework by identifying specific risks, opportunities and putting in place strategies to address our materials risks. Our sustainability risk and materiality assessment is performed both from top-down and bottom-up approaches to understand the internal and external context of the risks that impacts our business strategy.

Internal context is the internal environment in which Yeo's seeks to achieve its objectives. The risk management process is aligned with Yeo's culture, processes and structure. Any internal areas within Yeo's that can influence the way in which Yeo's manages her risk are established.

External context (or external environment) in which Yeo's seeks to achieve its objectives is important in ensuring that external stakeholders, their objectives and concerns are considered when identifying our risks. The external context can include, but is not limited to:

- The cultural, political, legal, regulatory, financial, technological, economic, natural and competitive environment, whether international, national, regional or local;

- Key drivers and trends having impact on the objectives of Yeo's; and
- Perceptions and values of external stakeholders.

Our Audit & Risk Committee ("ARC") has oversight of our ERM processes and ensures that the systems of risk management and internal controls are being appropriately designed, implemented and closely monitored for its adequacy and effectiveness. Our key risk indicators are reported to the ARC on a quarterly basis, together with an annual review of the risk appetite and risk tolerance statements. At the end of each financial year, the Board receives assurance from the CEO and CFO that the risk management and internal control system is adequate and effective to address the risks from key material topics identified by the Group.

Yeo's takes a proactive and comprehensive approach to understand and assess the impacts of climate change on our business, which includes building resilience into our corporate strategy, sustainability initiatives and operations. We have performed risk assessments to identify events that can potentially disrupt our operations and have also put in place several opportunities to further mitigate our exposure to these material risks.

Transition risks are business-related risks that follow societal and economic shifts as we transit toward a low-carbon and more climate-friendly future. These risks may include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.

Physical risks are risks resulting from physical effects of climate change and environmental degradation such as wildfires, storms, and floods.

Below summarises our climate-related risks and opportunities:

Risks and Opportunities

Transition Risks

- Policy and legal: Climate-related policies impacting the operations management
- Technology: Shifts in manufacturing science, technology and packaging
- Market: Changing demographics affecting the demand of our products

Opportunity

- Product packaging: Innovative packaging materials with higher recyclability opportunities
- Waste management: Re-purposing waste into new product

Risks and Opportunities

Physical Risks

- Chronic: Long-term temperature and water increase impacting agriculture
- Acute: Unexpected shifts in weather patterns resulting in increased cost of supply of our raw materials

Opportunity

- Operations: Technology innovation to ensure efficiency of operations
- R&D: Advancements in designs of new products

Financial Impact

Income impact

- Operational cost Increases due to higher energy costs and other shifts in market demands for our products
- Business disruption from supplier risks

Financial Impact

Income impact

- Higher cost of raw materials including cost of business continuity measures
- Revenue, market share declining affected by slow down in manufacturing as a result of unavailability of raw materials

Our Strategy

- Efficient machinery and warehousing operations with improvements in InfoComm and Technology
- Engage and partner industry and research Institutes to adopt low-carbon ingredients, packaging, energy and waste management technologies

Our Strategy

- Conduct detailed climate-related assessments to Identify operational risk areas
- Engage and partner industry and research institutes to improve efficiency of operations and reduce cost
- More efficient use of water and water replenishment technologies

CLIMATE SCENARIO AND ANALYSIS

Transition risks	Low emissions 0 to +2°C	High emissions +2°C to +4°C
<p>POLICY & LEGAL Action to reduce emission-intensive business activities</p>	<p>High Impact:</p> <ul style="list-style-type: none"> › Increase of energy cost e.g., Singapore carbon tax from \$5/tCO₂e-\$80/tCO₂e by 2030 › Increase in regulatory compliance cost 	<p>Low Impact:</p> <ul style="list-style-type: none"> › Increase in regulatory compliance cost
<p>TECHNOLOGY Development of emerging technology to support low carbon production and economy</p>	<p>Medium Impact:</p> <ul style="list-style-type: none"> › Increase in investment on low carbon technology › No immediate or near-term material investments required 	<p>Low Impact:</p> <ul style="list-style-type: none"> › Leverage on zero or low-capex investment of low carbon technology e.g. Build-Operate-Transfer of solar photovoltaic panels
<p>MARKET Shifts in demand and supply as consumers shifts to more sustainable products</p>	<p>High Impact:</p> <ul style="list-style-type: none"> › Large percentage of consumers will prefer more sustainable products and packaging 	<p>Low Impact:</p> <ul style="list-style-type: none"> › Small percentage of consumers adopting more sustainable choices with limited supply and demand shifts

MATERIALITY ASSESSMENT

In our materiality assessment, we have identified 21 ESG topics that are relevant to us with the newest addition being Carbon Management. Of all the topics, we have assessed that six topics are material to our business based on the significance of the ESG factors; their impact on the business and the degree of influence they have on stakeholders' decision. The remaining of the ESG topics remain important and we will continue to build on them as part of our sustainability journey.

The 21 ESG topics are presented below with the six material topics highlighted in bold print.

Importance to Stakeholders	High	<ul style="list-style-type: none"> > Occupational health & safety > Code of conduct > Emissions > Climate strategy > Energy management > Packaging and materials 	<ul style="list-style-type: none"> > Product quality & safety > Water management > Economic performance > Corporate governance
		<ul style="list-style-type: none"> > Product and service labelling > Diversity & equal opportunity 	<ul style="list-style-type: none"> > Carbon Management > Effluents and waste > Supply chain management > Raw material sourcing > Innovation management > Marketing and communications > Human capital development & training
	Low	<ul style="list-style-type: none"> > Engagement with local communities > Biodiversity 	
		Importance to Business	High

OUR MATERIALITY TOPICS

From the 21 ESG topics identified, our six shortlisted material topics are the key focus of our sustainability agenda and focus as they are the most relevant to the business. For the remaining 15 topics, we have re-assessed the materiality and several of the topics have become more important in the last financial year and we continue to build on them in the upcoming years of our sustainability journey.



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 SDGs, ensuring that our sustainability efforts are aligned to the broader goals of 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.
	Carbon Management		We are committed to reduce our carbon footprint and committed to supplement existing energy use with renewable energy sources. We are constantly working with our suppliers to explore carbon reduction of our ingredients and packaging materials.
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.
			We have safe management measures in place, to ensure that our employees work and stay safe during pandemic situations.
Caring For Our Consumers	Product Quality and Safety	 	In the Food and Beverage business, ensuring the food quality and safety 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.

PROTECTING OUR ENVIRONMENT

Yeo's recognises that in the course of conducting our business, our company creates environmental impacts through water, energy, carbon emissions, resource consumption and waste. To reduce our impacts on the environment, our production plants and offices investigate and identifies ways to improve our manufacturing processes and optimise eco-efficiency. Throughout FY2022, we have implemented several efficiency improvement projects, and these are elaborated in the following sections: Water Management, Effluents and Waste, Energy and Carbon Management.

WATER MANAGEMENT

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.

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. We continue to focus our efforts on water saving and recycling initiatives in these two locations to maximise their impact.

We also reduce our water footprint by putting recycled water to alternative uses, such as for our cooling towers and also for general cleaning and washing purposes. As a Group, our total water consumption and water intensity for FY2022 is as presented.

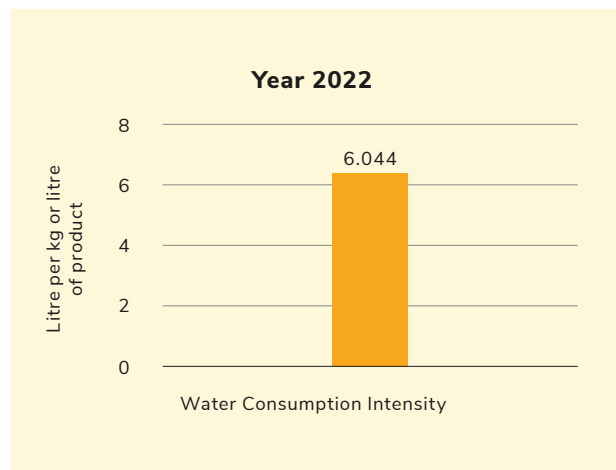
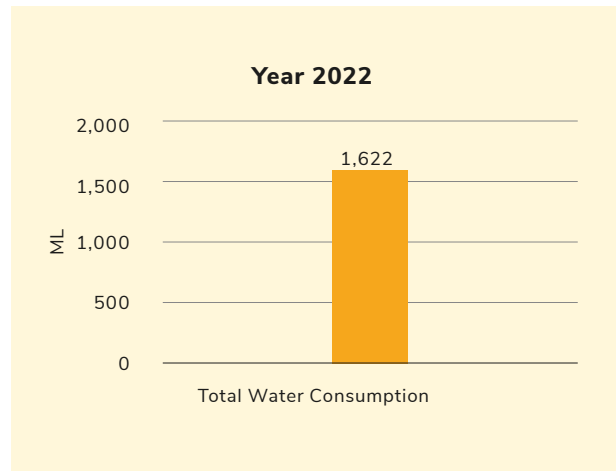
Notes:

- a. FY2022 is the base year for which we report Group water consumption and intensity
- b. Data collected is based on the utilities bill/metering tracking for specific country and facilities



OUR TARGET FOR WATER REDUCTION:

Reduce water consumption by 10% (per unit of product) by Year 2026





Condensate Recovery System in Cambodia Plant

Cambodia Plant – Condensate Recovery System

The installation of the condensate recovery system is vital to support both the reduction in use of the heavy fuel oil for our boilers and also helps to increase the water recovery and reduces the volume of water used for the boiler system.

China Guangzhou Plant – Retort Low Energy Suction System (LESS)

In FY2022, we converted our retort set up from a traditional suction design to a LESS setup, which uses a low water level system.

As a result, 45% less water volume is required to be heated and cooled per process cycle, thus reducing the load on both the boiler and the cooling tower system.

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.



Completion of Retort Low Energy Suction System (LESS) in our China Guangzhou Plant

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.

We are continuing with our trials with a world leading processing technology provider to extract the residual protein in Okara and to turn the waste into more meaningful use. This project has the potentials of reducing the waste that we produce.

Recycle

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

As part of Singapore's NEA's mandatory requirement for 3R Plans, Yeo's Singapore has submitted our 1st mandatory packaging data and 3R plans to NEA in FY2022 and we will be continuing to provide similar updates in FY2023. Our Group's waste data as follow:



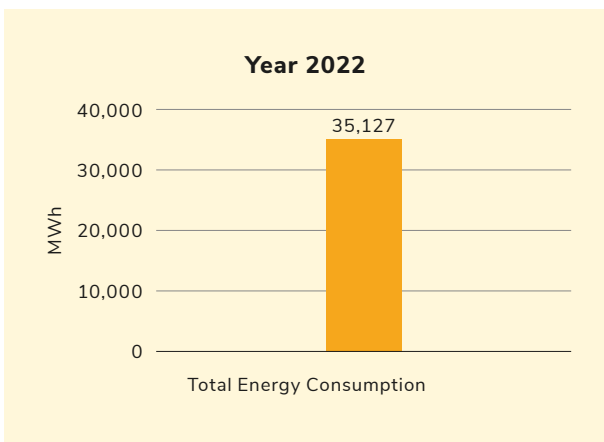
Notes:
a. FY2022 is the base year for which we report Group waste data.
b. Data collected is based on the volume collected and sent for disposal at various plants.

ENERGY AND CARBON MANAGEMENT

Optimising Energy Usage

The use of energy contributes to a large percentage of our carbon emissions and for FY2022, Yeo's has been focusing on areas where we can optimise equipment efficiently. Apart from understanding our equipment performance, we also look at more efficient planning of our production cycles, to ensure that we have longer run cycles and cut down on energy (both electricity and water) to perform the necessary sanitisation and cleaning programmes.


Our Groups' energy consumption information is presented below:





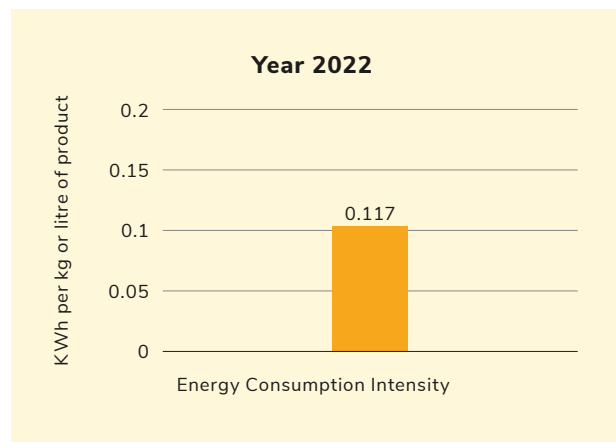
OUR TARGET FOR WASTE REDUCTION:

100% of the beverage packaging used are recyclable by Year 2026



OUR TARGET FOR ENERGY REDUCTION:

Reduce energy consumption by 5% (per unit of product) by Year 2026



Notes:
a. FY2022 is the base year for which we report Group energy consumption and intensity
b. Data collected is based on the metering tracking for specific country and plants



Light Fuel Oil boilers at our Ipoh Plant

Ipoh Plant – Conversion of Light Fuel Oil to Natural Gas Boiler

Ipoh plant has successfully converted all light fuel oil boilers to natural gas boilers and this is a significant move for our boiler conversion programmes as the use of natural gas boilers are more environmentally friendly and also provides utility savings for the plant.


GREEN HOUSE GASES (“GHG”)

As a responsible manufacturer, Yeo’s is committed to reducing GHG and play our part in reducing emission of GHG. Notwithstanding the inclusion of more renewable energy sources as our intake energy source, we are also exploring other sources of renewable energy to supplement our current source of electrical energy which are largely from incoming gas-fired and coal-fired energy (country-dependent).

The increased use of data in our manufacturing processes allows us to further understand our key energy constraints so that we can put in place the necessary tools to minimise GHG.

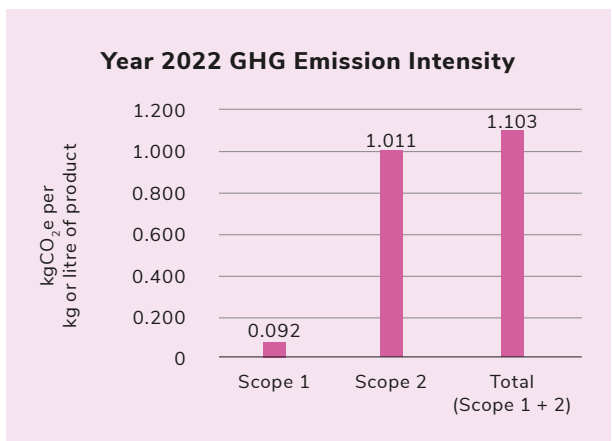
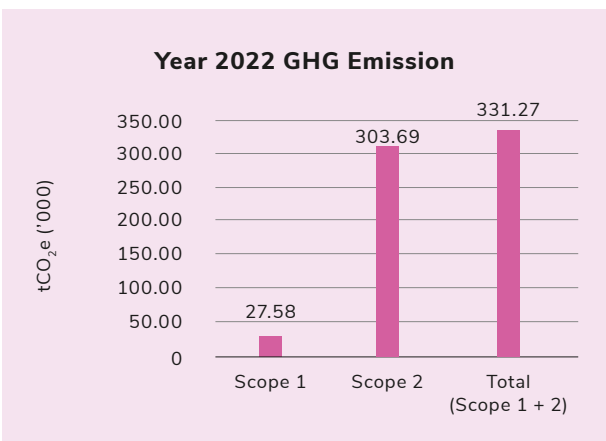
We are pleased to report that we have completed our baseline study of our Scope 1 and 2 GHG emissions and have correspondingly set targets to reduce GHG for our operations.

The corresponding Scope 1 & 2 GHG emissions by are presented.



OUR TARGET FOR EMISSION REDUCTION:

Reduce Scope 1 & 2 emissions by 10% (per unit of product) by Year 2026



Notes:
 a. FY2022 is the base year for our Scope 1 & 2 carbon emissions.
 b. tCO₂e calculations is based on the Greenhouse Gas Protocol’s calculation tool.

China Guangzhou Plant – Solar Photovoltaic Panels

Our China plant in Guangzhou has completed the installation of solar photovoltaic panels in August 2022 and the solar panels provides a total of 1,280kWp capacity and we expect up to 1,100 tonnes of CO₂e reduction annually.

Singapore Senoko Plant – Solar Photovoltaic Panels

Singapore's Senoko Plant started the cabling works for the solar PV panels in Q4 FY2022 and we expect that the solar PV panels will be operational by H1 FY2023. The system with 800kWp generating capacity will help to reduce energy offtake from the grid by utilising renewable energy for our daily operations and is expected to provide a carbon reduction of up to 450 tonnes of CO₂e annually.

USE OF ENERGY EFFICIENT EQUIPMENT

We are constantly in search for more energy efficient equipment for our manufacturing and office operations.

Singapore Senoko Plant – Office LED Lights

Our warehouse and manufacturing facilities are currently all outfitted with LED lights and we have started to replace non-LED lightings in our Singapore offices to more efficient LED lights which can further help to reduce energy costs. Wherever possible, we continue to explore the use of motion sensor LED lights for areas which has less footfall to further reduce electricity usage.



Solar Photovoltaic Panels in China Guangzhou Plant

CARING FOR OUR PEOPLE

OUR PEOPLE, OUR GREATEST ASSET

Sustainability is an integral part of our business continuity strategy through our legacy and as manifested in our Core Value. Guided by our Core Value, we consistently prioritize the development of our people, the key to our future success. We value employee engagement as the key to unleashing the full potential of our people with their strong motivation, autonomy and desire to grow. Their dedication, knowledge and performance are key to driving our business and strategies.

We embrace excellence and innovation in our business, where our people work as ONE team. We exhibit 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.

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 – DIVERSITY AND INCLUSION

At Yeo's, 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.

Yeo's 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. 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 tends to weigh stronger on the males. As of December 2022, Yeo's has over 1781 employees across the regions we operate with the majority of employees between the ages of 30-50 years old.

Our employee profile for 2022 is presented below:

Gender Diversity	Current employees by Gender (%):	2022
	(a) Male	68.84
	(b) Female	31.16
	New hires by Gender (%):	
	(a) Male	64.95
	(b) Female	35.05
	Turnover by Gender (%):	
(a) Male	67.99	
(b) Female	32.01	
Employment		2022
	(a) Total turnover (Number)	403
	(b) Rate of turnover (%)	22.63
	(c) Total number of employees	1,781

In Singapore, Yeo's is a member of the Singapore National Employers Federation ("SNEF"), Singapore Manufacturing Federation ("SMF") and the Food, Drinks and Allied Workers Union Singapore ("FDAWU"). In Malaysia, we are associated with the Malaysian Employers Federation ("MEF"), Federation of Malaysian Manufacturers ("FMM"), and Food Industry Employees' Union ("FIEU").

As active members of unions and associations, Yeo's Group 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

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.

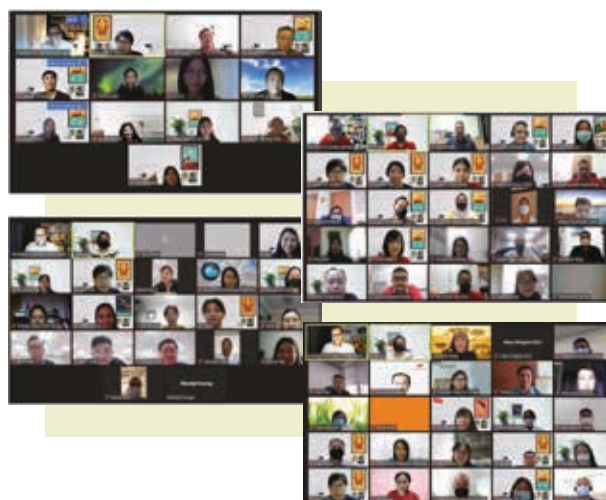
Our focus is on building future-ready staff and fostering a growth mind-set while empowering all staff to take charge of their learning journey.

Age-Based Diversity	Existing employee by age groups (%):	2022
	(a) Under 30 years old	22.07
	(b) Between 30-50 years old	61.99
	(c) Above 50 years old	15.95
	New hires by age groups (%):	
	(a) Under 30 years old	40.21
	(b) Between 30-50 years old	56.70
	(c) Above 50 years old	3.09
	Employee turnover by age groups (%):	
	(a) Under 30 years old	34.24
(b) Between 30-50 years old	52.36	
(c) Above 50 years old	13.40	

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 on-the-job training ("OJT").

Core Value Workshop

In 2022, Yeo's refreshed our core values and to share importance of these values, 22 sessions of the core value workshops were conducted to share the refreshed core values. A total of 526 executive staff attended over a total of 22 sessions of the workshop. Below are pictures workshop.



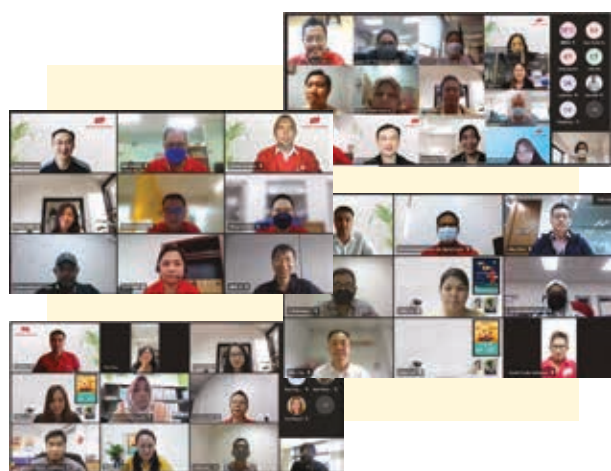
Core Value Workshop Training

Virtual Developmental Module Training (DMT)

Continuing from the work from the DMT in Q3FY2021, Group Learning & Development continues with the DMT in FY2022. The DMT aims to enhance the general skills development of employees, to better equip employees with the skills and technical knowledge so that they can be more efficient and effective. The training contents are specifically designed to offer an overview of a certain modules (Effective Habits, Problem Solving, Communication, Customer Focus, Microsoft Excel – Intermediate and Leadership), therefore, allowing employees to gain key principles learned out of the training and apply them in the workplace. A total of 352 employees attended over 20 sessions.



Virtual DMT Training



ISME Training

Self-Help Online Ready E-Learning (SHORE)

Self-Help Online Ready E-Learning program is a learning initiative that supports our colleagues in their self-learning. The contents are specially sourced and curated to meet the demands of modern-day professions. The E-Learnings are pre-recorded, broken down into different modules and made available online, so that employees are able to take up the learning at their own place without disrupting daily activities.

Internal Subject Matter Expert Training (ISME)

Our employees also benefited from ISME trainings where staff has the opportunity to learn from internal areas of expertise on Microsoft Power Query, Enterprise Risk Management, Contract Law, Personal Data Protection Act, Code of Conduct and Whistleblowing.

Specialised customized trainings were designed for all employees to learn something out of their usual work scope, so that they can appreciate and understand other general knowledge that may be important for their work. In total, 1,391 employees attended a total of 2,365.5 hrs of ISME training in FY2022.

Our FY2022 training statistics are below:

		2022
Development & Training	(a) Average training hours per employee (Total)	14.46
	(b) Average training hours per employee (Male)	13.50
	(c) Average training hours per employee (Female)	16.57

OCCUPATIONAL HEALTH AND SAFETY

Safety risks are inherent in workplaces 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.

Throughout FY2022 our employees attended numerous safety-related trainings, seminars, and awareness programmes with aim to improve the safety culture and awareness of all who work at Yeo's. These awareness programs that were organised includes Safety Day, Safety Poster Competition, Safety Quiz, Safety Photography competition etc.

In addition, Yeo's also recognised and awarded staff who performed well or contributed to workplace safety improvements. The recognition and awards like Safety Champion, Top reporting (by staff) of unsafe condition, contribution of safety improvement ideas helps us to build up Yeo's safety culture and mindset.

Our safety statistics are presented below:

Employee Occupational Health & Safety	Fatalities	2022
	(a) Number of Cases	0
	(b) Rate of Case	0
	High-consequence injuries:	
	(a) Number of Cases	0
	(b) Rate of Case	0
	Recordable injuries:	
	(a) Number of Cases	11
	(b) Rate of Case (per 1000 staff)*	6.18
	Recordable work-related ill health cases	1
Non-Employee Occupational Health & Safety	Fatalities	2022
	(a) Number of Cases	0
	(b) Rate of Case	0
	High-consequence injuries:	
	(a) Number of Cases	0
	(b) Rate of Case	0
	Recordable injuries:	
	(a) Number of Cases	1
	(b) Rate of Case	Insignificant [^]
	Recordable work-related ill health cases	1

*As our main production operations are in Peninsula Malaysia, we have followed Malaysia's Department of Occupational Safety & Health's definition of incident rate.

[^]Insignificant as the number of non-staff entering our premises is large.



**OUR TARGET FOR
OCCUPATIONAL
HEALTH & SAFETY:**

**Zero work-related
injuries and illnesses**

All accident cases are thoroughly reviewed, with root cause analysis (“RCA”) conducted. Respective plants/offices have put in place the necessary corrective and preventive controls and have further conducted necessary safety trainings and briefings on past accidents, to mitigate likelihood of recurrence of similar accidents.

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.

In 2022, we have completed 5,242 hours (2021: 2,705 hours) of safety training and the Group will continue the intensity of these sessions and also reinforce EHS messages through e-learning.

To continuously remind our employees and contractors on work safety, our safety slogan – “All Accidents are Preventable” and “Safety First” – 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 for safety excellence are recognised in the marketplace. In Singapore, we continue to be 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.

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. We continue to maintain high standard quality through regular internal process audit, GMP audit and food safety audit to ensure product safety compliance.

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 meets our specifications through rigorous testing and qualification audit, which includes and 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.

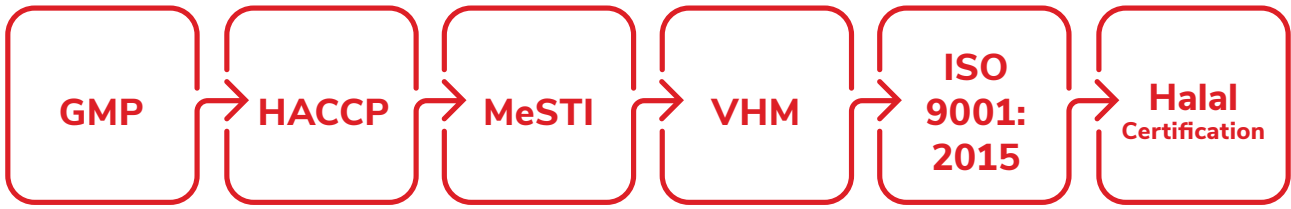
We are a member of the Singapore Food Manufacturers' Association ("SFMA") and have voluntarily adopted the best practices as required by the Good Manufacturing Practices ("GMP") certification for the food manufacturing industry. The GMP certification scheme verifies and certifies that Yeo's complies 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 every 3 years.

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. Furthermore, our Shah Alam factory has been approved by the Department of Veterinary Services, Malaysia with Veterinary Health Mark ("VHM") certificate for meat, egg and milk products.

In China, we have a quality management system in place that utilizes international best practices to standardize our processes and system using the ISO 9001:2015 standard to ensure consistently produce products and services that meet and exceed consumer's expectations.

As a copacker for Oatly in Singapore, we achieved highest level in food safety pyramid with Global Food Safety Initiative ("GFSI") recognized schemes and our Oatly lines in Singapore are British Retail Consortium Global Standards ("BRCGS") certified.

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 has zero product recalls in 2022.

Our statistics for food recall:

		2022
Food Recall		
	Number of Product recall incidents	0 (since 2017)

OUR TARGET FOR FOOD RECALL:

Zero incidents of product trade recall due to safety issues for YHS' manufactured products

Producing High Quality and Healthy Products

With a rich history of more than 120 years in food and beverage manufacturing, Yeo's pride ourselves as a brand with purpose, nourishing every home with natural goodness across generations.

While food safety and great taste are important pillars of our product quality, we also strive to deliver key attributes of quality with better health proposition in terms of functional benefits, natural ingredients and lowered sugar or calories. Our relentless efforts to stay in the forefront of competition, and injecting newness and innovations in our product development, while satisfying the taste buds of our consumers.

We work closely with government agencies in Singapore and Malaysia to support the nationwide drives to encourage healthier living and adopting sensible food habits by reducing daily sugar consumption. We have partnered the Health Promotion Board ("HPB") in Singapore and have reformulated more than 90% of our products to meet <5% sugar content.

Likewise, in Malaysia, we have reformulated all Yeo's beverages sold in Malaysia to below 5 grams of sugar per 100 milliliters 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 our recipe 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. Recent product harmonisation across the various markets enabled the company to increase procurement efficiency while streamlining our resource planning. As a Group, 88% of our drinks are now below 5 grams of sugar per 100 millimeters.

Besides the current product range with lower sugar content, we have also prioritised health benefits in the innovation and development of new products. Yeo's will continue to stay relevant and serve to nourish every generation of consumers with our products, delighting our consumers with more delicious and healthier offerings to grow our brand proposition across the regions.

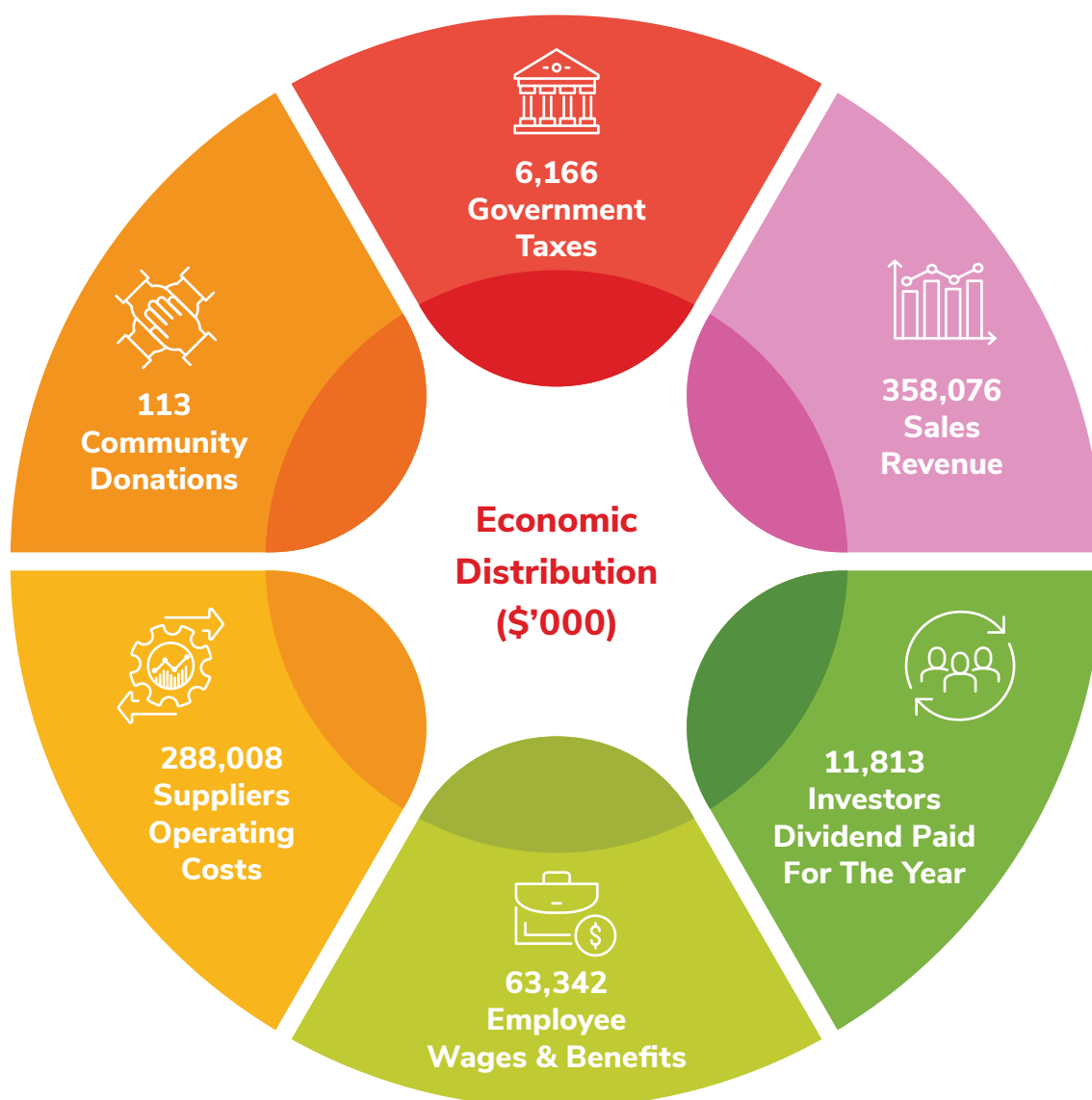
LEADING OUR MARKETPLACE

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 2022 (in S\$'000) is as shown.



Further details of the Group's economic performance can be found in the Financial Statements section of the 2022 Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Yeo's 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 community engagement event organised by or supported by the Group.

In 2022, our employees from various volunteered for various initiatives and below are CSR events and activities that were undertaken in Year 2022.

Cambodia: A Million Cans to Build a Dream

A Million Cans to Build a Dream is about giving back to the community and supporting those in need. Yeo's believes that every child should receive an education, but for children born into underprivileged families like the ones living in the former Steung Meanchey landfill, they have no opportunity to get an education.

In an effort to change the future of the Cambodian children, Yeo's Cambodia donated USD\$50,000.00 and launched the "A Million Cans to Build a Dream" campaign, in collaboration with the Cambodian

Children's Fund ("CCF"), to build a kindergarten to help underprivileged children finding their new future through education. With the new kindergarten at Steung Meanchey, the children can strengthen their leadership and unleash their potential, becoming great individuals for their families, nations, as well as role models for the next generations.

Yeo's Kindergarten, built under the "A Million Cans to Build a Dream" campaign by Yeo's Cambodia in collaboration with the CCF, was officially opened on 24 November 2022. Below are the pictures of the official grand opening.



Grand Official Opening of the Yeo's kindergarten



From RHS Front Row: Ozgur Simsek (Managing Director Emerging Market), Scott Neeson, Founder and Executive Director of Cambodian Children's Fund (CCF), and Senior Cambodian Cabinet member



Yeo's employees and beneficiaries of the Yeo's Kindergarten

Indonesia: Support for Cianjur residents after Earthquake in West Java, Indonesia

On 21 November 2022, the town of Cianjur in West Java was struck by a magnitude 5.6 earthquake with many communities cut off by aftereffects of landslides and many also lost access to essential services. Our Yeo's colleagues in Indonesia came together to help the victims of the earthquake by providing the victims 500 cartons of beverages.



Yeo's Indonesian employees supporting the distribution of beverages to victims of the Cianjur Earthquake in West Java, Indonesia



Yeo's China donating beverages to Police Stations and quarantine hotels in Guangzhou, China

China: Support for front-line Police Stations and quarantine hotels in Guangzhou, China

As part of Yeo's China support for the front-line Police Officers and staff in the quarantine hotels in Guangzhou, Yeo's China donated a total of 500 cartons of beverages to police stations and quarantine hotels.

Hong Kong: Launch of Summer Programme by Sino Group and Ng Teng Fong Charitable Foundation ("NTFCF")

In July 2022, Sino Group, led by our Chairman Mr Daryl Ng launched the Summer Programme and in collaboration with the NTFCF, distributed 3,000 cans of chilled Yeo's beverages on the streets to people living in Shamshuipo, Hong Kong to help them stay hydrated amid the high temperatures. In addition, 200,000 cans of Yeo's beverages were also distributed to people living in sub-divided units in the area.



Yeo's Group Chairman Daryl Ng distributing drinks to Charitable Organisations in Shamshuipo, Hong Kong

Malaysia: Sponsorship of beverages and food products for various initiatives

In Year 2022, Malaysia sponsored 1,660 cartons of Yeo's beverage and food products to various initiatives. This includes four FAMINE 30 DIY events (a global world youth movement against hunger and poverty) Camp events that involved 850 students where participants give up solid food for 30 consecutive hours to raise funds for children in need.

Our Malaysia units also worked with NGOs to support primary schools in their "Super Breakfast" program and supported various government agency events like Sports Day, Family Day and Blood Donation drives.

Moving forward, we will continue to do more 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.

CORPORATE GOVERNANCE

As a good and responsible corporate citizen, Yeo's operates its business with a strong emphasis on sustainability and under established and compliant corporate governance practices. For more than ten years, Yeo's has been disclosing our corporate governance practices as well as principles in our Report on Corporate Governance, 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.



Participants of 2022 Taylor'S Chinese Society's 30 Hour Famine D.I.Y. in Malaysia



Participants of 8-Hour Kidsz Famine – Light Up Love DIY Camp in Malaysia

The Company continues to be recognized for its efforts in upholding high standards of corporate governance as follows:

- Under the Singapore Governance and Transparency Index, Yeo's moved up to 49th position in 2022 (71st in 2021 & 191st in 2020) on the timeliness, accessibility and transparency of their financial results announcements along with corporate governance disclosures and practices;
- The Company continues to be in Singapore Exchange ("SGX") Regulations' Fast Track Programme, which recognises the efforts and achievements of listed issuers that have upheld high standards of corporate governance and maintained a good compliance track record; and
- The Company won the Most Transparent Company Award 2022 (Consumer Staples) at the Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards 2022. The award recognises public listed companies that are transparent in their timely disclosure of information, and which facilitate shareholders' rights and equitable treatment so as to help investors make informed decisions.

GRI Content Index

Disclosure Number	Disclosure Title	Page Reference
GRI 2: GENERAL DISCLOSURE 2021		
1. The Organisation and its reporting practices		
2-1	Organisational details	FS Note 1 – General Information
2-2	Entities included in the organisations sustainability reporting	FS Note 39 – Listing of significant companies in the group
2-3	Reporting period, Frequency and contact point	SR 2022
2-4	Restatements of information	N/A
2-5	External assurance	Internal assurance obtained Pg 87
2. Activities and workers		
2-6	Activities, value chain and other business relationships	FS Note 36 – Segment information
2-7	Employees	SR – Caring for our people
2-8	Workers who are not employees	N/A
3. Governance		
2-9	Governance structure and composition	SR – Sustainability management
2-10	Nomination and selection of the highest governance body	SR – Sustainability management
2-11	Chair of the highest governance body	SR – Sustainability management
2-12	Role of the highest governance body in overseeing the management of impacts	SR – Sustainability management
2-13	Delegation of responsibility for managing impacts	SR – Sustainability management
2-14	Role of the highest governance body in sustainability reporting	SR – Sustainability management
2-15	Conflicts of interest	SR – Sustainability management
2-16	Communication of critical concerns	SR – Stakeholder engagement
2-17	Collective knowledge of the highest governance body	SR – Sustainability management
2-18	Evaluation of the performance of the highest governance body	SR – Sustainability management
2-19	Remuneration policies	CG – Remuneration Matters
2-20	Process to determine remuneration	CG – Remuneration Matters
2-21	Annual total compensation ratio	CG – Remuneration Matters

Disclosure Number	Disclosure Title	Page Reference
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	SR – Sustainability at the forefront
2-23	Policy commitments	SR – Sustainability management
2-24	Embedding policy commitments	SR – Sustainability management
2-25	Process to remediate negative impacts	SR – Corporate Governance
2-26	Mechanisms for seeking advice and raising concerns	SR – Corporate Governance
2-27	Compliance with laws and regulations	SR – Corporate Governance
2-28	Membership associations	SR – Caring for our people, Caring for our consumers
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	SR – Stakeholder engagement
2-30	Collective bargaining agreements	SR – Caring for our people
GRI 3: MATERIAL TOPICS 2021		
Disclosures on material topics		
3-1	Process to determine material topics	SR – Materiality assessment
3-2	List of material topics	SR – Materiality assessment
3-3	Management of material topics	SR – Protecting our environment SR – Caring for our people SR – Caring for our consumers SR – Leading our marketplace

AR: Annual Report 2022
FS: Financial Statement 2022
SR: Sustainability Report 2022

PERFORMANCE SUMMARY

1. Environmental

Topic	Metric	Framework Alignment	Unit	FY2022
Greenhouse Gas Emissions ("GHG")	Absolute emissions by:			
	(a) Total emissions	GRI 305-1, GRI 305-2	tCO ₂ e	331,269
	(b) Total Scope 1	GRI 305-1	tCO ₂ e	27,575
	(b) Scope 2	GRI 305-2	tCO ₂ e	303,694
	(c) Scope 3, if appropriate	NA	NA	NA
	Emission intensities by:			
	(a) Total emissions intensity	GRI 305-4	kgCO ₂ e per kg or litre of product	0.092
	(b) Scope 1,			1.011
	(b) Scope 2;			1.103
(c) Scope 3, if appropriate	NA	NA	NA	
Energy Consumption	Total energy consumption	GRI 302-1	MWh	35,127
	Energy consumption intensity	GRI 302-3	kWh per kg or litre or product	0.117
Water Consumption	Total water consumption	GRI 303-5	ML	1,622
	Water consumption intensity	SASB FB-NB-140a.1	litre per kg or litre or product	6.044
Waste Generation	Total waste generated			
	a. Non-Hazardous	GRI 306-3	tonnes	6,479.64
	b. Hazardous			2.8325

2. Social

Topic	Metric	Framework Alignment	Unit	FY2022
Gender Diversity	Current employees by gender:	GRI 405-1	Percentage (%)	
	(a) Male			68.84
	(b) Female	31.16		
	New hires by gender:	GRI 401-1		
	(a) Male			64.95
	(b) Female			35.05
	Turnover by gender:			
(a) Male	67.99			
(b) Female	32.01			
Age-Based Diversity	Existing employees by age groups:	GRI 401-1		
	(a) under 30 years old		22.07	
	(b) 30-50 years old		61.99	
	(c) over 50 years old	15.95		
	New hires by age groups:	GRI 401-1		
	(a) under 30 years old		40.21	
	(b) 30-50 years old		56.70	
	(c) over 50 years old		3.09	
	Employee turnover by age groups:			
	(a) under 30 years old		34.24	
(b) 30-50 years old	52.36			
(c) over 50 years old	13.40			
Employment	Total turnover	GRI 401-1	Number	403
	Rate of turnover		Percentage (%)	22.63
	Total number of employees	NA	Number	1,781
Development & Training	Average training hours per employee	GRI 404-1	Hours/No. of employees	14.46
	Average training hours per employee by gender:	GRI 404-1	Hours/No. of employees	
	(a) Male			13.5
(b) Female	16.57			

2. Social (cont'd)

Topic	Metric	Framework Alignment	Unit	FY2022
Occupational Health & Safety (FOR STAFF)	Fatalities	GRI 403-9		
	(a) Number of Cases		Number of cases	0
	(b) Rate of Case		Rate of Cases	0
	High-consequence injuries			
	(a) Number of Cases		Number of cases	0
	(b) Rate of Case		Rate of Cases	0
	Recordable injuries			
	(a) Number of Cases		Number of cases	11
	(b) Rate of Case		Rate of Cases	6.18 (per 1000 staff)
	Recordable work-related ill health cases		GRI 403-10	Number of cases
Occupational Health & Safety (FOR NON-STAFF)	Fatalities	GRI 403-9		
	(a) Number of Cases		Number of cases	0
	(b) Rate of Case		Rate of Cases	0
	High-consequence injuries			
	(a) Number of Cases		Number of cases	0
	(b) Rate of Case		Rate of Cases	0
	Recordable injuries			
	(a) Number of Cases		Number of cases	1
	(b) Rate of Case		Rate of Cases	Insignificant
	Recordable work-related ill health cases		GRI 403-10	Number of cases

3. Governance

Topic	Metric	Framework Alignment	Unit	FY2022
Board Composition	Board Members			
	a. Independent	GRI 2-9	Percentage (%)	60
	b. Non-Independent			40
	Women on the board	GRI 2-9	Percentage (%)	30
Management Diversity	Women in the management team	GRI 2-9	Percentage (%)	25
Ethical Behaviour	(a) Total Number of Operations assessed for corruption risks	GRI 205-1	Discussion and number of standards	Refer to section on risk management and control systems on pg 43-44
	(b) Significant risk identified through risk assessment			
	Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to:			
	(a) Total Number	GRI 205-2	Number	7 (Singapore) 2 (Hong Kong) 1 (Malaysia)
	(b) Percentage			%
	Total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to:			
	(a) Total Number		Number	819
	(b) Percentage		%	46.06
	Total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to:			
	(a) Total Number		Number	582 (Malaysia) 289 (Singapore) 27 (Cambodia) 17 (China)
	(b) Percentage		%	100
	Total number and percentage of governance body members that have received training on anti-corruption			
	(a) Total Number		Number	10
(b) Percentage		%	100	

3. Governance (cont'd)

Topic	Metric	Framework Alignment	Unit	FY2022
Ethical Behaviour (cont'd)	Total number and percentage of employees that received anti-corruption training			
	(a) Total number		Number	1,002
	(b) Percentage		%	56.36
	(a) Number & Nature of confirmed incidents of corruption			0
	(b) Total number of confirmed incidents in which employees were dismissed or disciplined for corruption			0
	(c) Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	GRI 205-3	Number	0
	(d) Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases			0
Certifications	List of relevant certifications	–	List	Nil
Alignment with Frameworks	Alignment with frameworks and disclosure practices	–	–	TCFD, GRI & SDGs
Assurance	Assurance of sustainability report	SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6	–	Internal Assurance

INTERNAL ASSURANCE

Group Internal Audit conducts internal audit reviews in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. Group Internal Audit has incorporated sustainability reporting into its audit cycle, which may span one or a few years in accordance with risk-based planning, as approved by the Audit and Risk Committee. The internal assurance review focuses on the design of and compliance with policies, processes and internal controls to ensure the quality of data produced.

ABOUT THIS REPORT

This report has been prepared in accordance with the framework recommended by the Task Force on Climate-related Financial Disclosures ("TCFD") and is also aligned with the requirements of Global Reporting Initiatives ("GRI") standards.

Unless otherwise stated, the information represents that of the Group.



FINANCIAL STATEMENTS



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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

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 99 to 193 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 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); 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

Sitoh Yih Pin

Luo Dan

Dr Lim Su Lin

Goi Lang Ling Laureen

William Peter Adamopoulos

Mohamad Halim Bin Merican

Jonathan James Yong Ze Ng

Ong Kay Eng

(appointed on 15 July 2022)

Leung Yu Hin Eugene

(appointed on 11 November 2022)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed under the “Yeo Hiap Seng Limited Share Incentive Plan” section of this statement, 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 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Share incentive plan

Yeo Hiap Seng Limited Share Incentive Plan

The Yeo Hiap Seng Limited Share Incentive Plan (the "Plan") was approved and adopted by the members of the Company at an Annual General Meeting held on 29 April 2021. The Remuneration Committee has been designated as the committee ("Committee") responsible for the administration of the Plan. The Committee comprises Ms Luo Dan, Mr Sitoh Yih Pin and Ms Goi Lang Ling Laureen.

The Plan is an omnibus share incentive scheme which amalgamates a share option plan component and a performance share plan component. Participants will be selected at the sole discretion of the Committee from eligible categories of persons comprising (i) Group employees who hold such rank as may be designated by the Committee from time to time, (ii) Non-Executive directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and (iii) associated company employees who hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. Persons who are the Company's controlling shareholders or their associates (as those terms are defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) will not be eligible to participate in the Plan. The aggregate number of new shares which may be issued pursuant to options and/or awards granted under the Plan on any date, when added to the number of new shares issued and issuable in respect of all options and awards granted under the Plan, shall not exceed 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding that date. Unless earlier terminated or extended with the approval of the shareholders of the Company, the Plan will continue in force, at the discretion of the Committee, for a maximum period of 10 years commencing on the date of its adoption.

Under the share option plan component, an option granted pursuant to the Plan represents a right to acquire ordinary shares in the Company at the exercise price per share applicable to the option. The exercise price per share is fixed at the time of the grant of the option and may be set at the market price, or at a discount to the market price, or at the market price subject to adjustment with a discount if prescribed performance conditions are met, or at a premium to the market price. The maximum discount which may be given in respect of that Option shall not exceed 20% of the exercise price in respect of that option.

Under the performance share plan component, an award granted represents a contingent right to receive fully paid ordinary shares in the Company, their equivalent cash value or combinations thereof, free of charge, provided that prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods.

Subject to the Plan size and the individual and collective limits applicable to associates under the Plan, the number of shares that will be comprised in an option or award, and the terms thereof, including any vesting or other conditions, will be determined by the Committee at its sole discretion having regard to various factors such as (but not limited to) the participant's rank, job performance, years of service and potential for future development and his contribution to the success and development of the Group.

The person to whom the awards have been granted has no right to participate by virtue of the award in share issue of any other company.

There was no grant of awards made pursuant to the Plan in 2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Share options

No option was 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:

Ong Kay Eng (Chairman)
Mohamad Halim Bin Merican
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 2022, 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 2022

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 Board of Directors

NG WIN KONG DARYL
Director

ONG KAY ENG
Director

17 MARCH 2023

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 2022, 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 99 to 193.

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 Companies Act 1967 (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 2022 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 Inventories

Refer to notes 2.18 and 13 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>Inventories represent 9.3% (2021: 8.4%) of the Group's total assets as at 31 December 2022.</p> <p>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.</p> <p>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.</p>	<p>We assessed management's basis of write-down and performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none">• 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. <p>Our findings:</p> <p>We found the write-down to be adequate for all inventories with net realisable values below their carrying amounts.</p>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

Impairment testing of Property, Plant and Equipment and Intangible Assets

Refer to notes 2.5, 2.7, 20 and 22 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The carrying amounts of the Group's property, plant and equipment (PPE) and intangible assets (IA) were \$217.3 million (2021: \$228.6 million) and \$4.4 million (2021: \$4.7 million) respectively, which represents 33.0% (2021: 33.4%) and 0.7% (2021: 0.7%) of the Group's total assets as at 31 December 2022 respectively.</p> <p>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. 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 and IA 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 discounted future cash flows is derived from profit forecasts which include key assumptions such as sales growth rates and gross profit margins for the forecast period, and discount rate.</p> <p>The impairment assessment and the estimation of the recoverable amount based on the discounted future cash flows is subjective and involves management's judgements. The assessment of these judgements is a key focus area of our audit.</p>	<p>Our procedures in relation to management's impairment assessment of each CGU to which the PPE and IA relate to among others:</p> <ul style="list-style-type: none">• 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 rate. 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 adequacy of disclosures included in the financial statements.
	<p>Our findings:</p> <p>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.</p>

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.

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, 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEO HIAP SENG LIMITED

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.

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

17 MARCH 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Revenue	4	358,076	337,903
Cost of sales		(250,671)	(237,544)
Gross profit		107,405	100,359
Other income	5	12,841	8,410
Other gains and losses	6	2,165	3,825
Expenses			
– Marketing and distribution		(80,201)	(80,726)
– Administrative		(35,550)	(32,520)
– Finance		(589)	(503)
Share of profit of associated companies and a joint venture		203	425
Profit/(Loss) before income tax		6,274	(730)
Income tax expense	9	(3,886)	(2,183)
Net profit/(loss) attributable to equity holders of the Company		2,388	(2,913)
Other comprehensive (losses)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation			
– (Losses)/Gains		(15,054)	2,734
– Reclassification		–	(2)
		(15,054)	2,732
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment	29b(i)	2,477	–
Fair value losses on financial assets, at fair value through other comprehensive income		(292)	(2,115)
Remeasurements of defined benefit plans	26	(3)	(254)
Other comprehensive (losses)/income, net of tax	9	(12,872)	363
Total comprehensive losses attributable to equity holders of the Company		(10,484)	(2,550)
Earnings per share attributable to equity holders of the Company (expressed in cents per share)			
– Basic and diluted	10	0.40	(0.50)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	215,119	230,945	8,851	9,903
Trade and other receivables	12	66,384	73,353	70,422	67,331
Inventories	13	61,339	57,194	-	-
Current income tax recoverable	9	763	1,097	-	-
		343,605	362,589	79,273	77,234
Non-current assets					
Trade and other receivables	12	4,540	5,653	3,679	4,393
Other financial assets	14	24,467	20,402	-	-
Loans to subsidiaries	15	-	-	44,618	44,618
Investments in associated companies	16	5,281	5,548	-	-
Investment in a joint venture	17	614	648	-	-
Investments in subsidiaries	18	-	-	322,758	322,758
Investment properties	19	54,143	52,602	80,295	79,567
Property, plant and equipment	20	217,271	228,619	1,574	1,760
Intangible assets	22	4,427	4,701	-	-
Deferred income tax assets	23	3,531	4,152	-	-
		314,274	322,325	452,924	453,096
Total assets		657,879	684,914	532,197	530,330
LIABILITIES					
Current liabilities					
Trade and other payables	24	58,982	74,902	2,674	4,116
Current income tax liabilities	9	1,812	990	-	29
Lease liabilities	25	1,619	1,892	280	272
		62,413	77,784	2,954	4,417
Non-current liabilities					
Lease liabilities	25	15,868	13,854	13,015	13,295
Provisions for other liabilities and charges	26	2,014	2,006	-	-
Deferred income tax liabilities	23	6,157	7,687	377	408
		24,039	23,547	13,392	13,703
Total liabilities		86,452	101,331	16,346	18,120
NET ASSETS		571,427	583,583	515,851	512,210
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	27	247,955	237,814	247,955	237,814
Capital reserve	28	6,066	6,066	-	-
Other reserves	29	(58,707)	(45,829)	-	-
Retained profits		376,113	385,532	267,896	274,396
Total equity		571,427	583,583	515,851	512,210

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 January 2022		237,814	6,066	3,219	(1,723)	(8,910)	(38,415)	385,532	583,583
Profit for the year		-	-	-	-	-	-	2,388	2,388
Other comprehensive losses for the year		-	-	2,477	(292)	(15,054)	-	(3)	(12,872)
Transfer to retained profits on realisation		-	-	(6)	-	-	(3)	9	-
Total comprehensive losses for the year		-	-	2,471	(292)	(15,054)	(3)	2,394	(10,484)
Issue of new shares pursuant to scrip dividend scheme	30	10,141	-	-	-	-	-	(10,141)	-
Dividends paid	30	-	-	-	-	-	-	(1,672)	(1,672)
Total transactions with owners, recognised directly in equity		10,141	-	-	-	-	-	(11,813)	(1,672)
Balance at 31 December 2022		247,955	6,066	5,690	(2,015)	(23,964)	(38,418)	376,113	571,427

An analysis of the movements in property revaluation reserve, fair value reserve, foreign currency translation reserve and general 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 2022

2021	Note	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 January 2021		228,245	6,066	3,244	392	(11,642)	(38,399)	400,256	588,162
Loss for the year		-	-	-	-	-	-	(2,913)	(2,913)
Other comprehensive income for the year		-	-	-	(2,115)	2,732	-	(254)	363
Transfer to retained profits on realisation		-	-	(25)	-	-	(16)	41	-
Total comprehensive losses for the year		-	-	(25)	(2,115)	2,732	(16)	(3,126)	(2,550)
Issue of new shares pursuant to scrip dividend scheme	30	9,569	-	-	-	-	-	(9,569)	-
Dividends paid	30	-	-	-	-	-	-	(2,029)	(2,029)
Total transactions with owners, recognised directly in equity		9,569	-	-	-	-	-	(11,598)	(2,029)
Balance at 31 December 2021		237,814	6,066	3,219	(1,723)	(8,910)	(38,415)	385,532	583,583

An analysis of the movements in property revaluation reserve, fair value reserve, foreign currency translation reserve and general 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 2022

	2022 \$'000	2021 \$'000
Cash flows from operating activities		
Net profit/(loss) for the year	2,388	(2,913)
Adjustments for:		
– Income tax expense	3,886	2,183
– Interest expense on lease liabilities	589	503
– Amortisation of intangible assets	274	272
– Amortisation of capitalised letting fees	71	72
– Depreciation	17,553	17,126
– Dividend income from financial assets	(449)	(169)
– Unrealised currency translation differences	(435)	(8)
– Fair value (gains)/losses on investment properties – net	(131)	620
– (Gains)/Losses on disposal of property, plant and equipment – net	(35)	366
– Fair value losses/(gains) on financial assets designated as FVPL at initial recognition – net	115	(2,182)
– Interest income	(3,284)	(1,121)
– Provision for retirement benefits	206	219
– Gain on liquidation of a subsidiary	–	(2)
– Share of profit of associated companies and a joint venture	(203)	(425)
	20,545	14,541
Change in working capital:		
– Trade and other receivables	5,713	(11,928)
– Inventories	(6,404)	(6,987)
– Trade and other payables	(8,974)	8,310
Cash generated from operations	10,880	3,936
Income tax paid	(3,396)	(3,950)
Retirement benefits paid	(73)	(178)
Net cash generated from/(used in) operating activities	7,411	(192)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from investing activities			
Dividends received from financial assets		449	169
Dividends received from an associated company		–	175
Proceeds from disposal of property, plant and equipment		71	41
Payments for purchases of and deposits for property, plant and equipment		(14,715)	(12,276)
Additions to financial assets, at fair value through other comprehensive income		(4,472)	(16,561)
Additions to financial assets, at fair value through profit or loss		–	(1,348)
Interest received		2,504	1,121
Net cash used in investing activities		(16,163)	(28,679)
Cash flows from financing activities			
Dividends paid, net of scrip dividends	30	(1,672)	(2,029)
Interest paid		(444)	(503)
Principal payment of lease liabilities		(2,404)	(2,920)
Net cash used in financing activities		(4,520)	(5,452)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of financial year		230,945	264,164
Effects of currency translation on cash and cash equivalents		(2,554)	1,104
Cash and cash equivalents at end of financial year	11	215,119	230,945

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 39.

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 2022

On 1 January 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Amendments to published standards effective in 2022 (Continued)

The following are the other new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Effective for annual periods beginning on or after 1 January 2022:

1 April 2021	Amendments to: <ul style="list-style-type: none">– SFRS(I) 16 Leases (COVID-19 Related Rent Concessions beyond 30 June 2021)
1 January 2022	Amendments to: <ul style="list-style-type: none">– SFRS(I) 3: Business Combinations (Reference to the Conceptual Framework)– SFRS(I) 1-16: Property, Plant and Equipment (Proceeds before Intended Use)– SFRS(I) 1-37: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)– Annual Improvements to SFRS(I)s 2018 – 2020

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (Continued)

(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.

Government grants relating to assets, including non-monetary grants at fair value, are presented in the balance sheets by deducting the grant in arriving at the carrying value of the asset recognised in “property, plant and equipment”.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that 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 2022 and 31 December 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) Subsidiaries (Continued)

(ii) Acquisitions (Continued)

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.

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(a) 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 SFRS(I).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(c) Associated companies and joint ventures (Continued)

(ii) Equity method of accounting (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

(a) Measurement (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

(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". Any amount in property revaluation reserve relating to that item is transferred to retained profits directly.

(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 and right-of-use assets relating to leasehold land that is held for long-term capital appreciation or for a currently indeterminate use. 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 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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.

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").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(a) Classification and measurement (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(a) Classification and measurement (Continued)

At subsequent measurement (Continued)

(i) Debt instruments (Continued)

- 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 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve 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.

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 twelve months, and as a current asset or liability if the remaining expected life of the hedged item is less than twelve 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Derivative financial instruments and hedging activities (Continued)

Cash flow hedge (Continued)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (Continued)

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

(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 payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (Continued)

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

(ii) Lease liabilities (Continued)

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 twelve 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (Continued)

(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 2022

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 are 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income taxes (Continued)

Deferred income tax is measured: (Continued)

- (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation (Continued)

(b) *Defined benefit plans* (Continued)

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 twelve months after balance sheet date are discounted to their present value.

(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 ("SGD" or "\$"), which is the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (Continued)

(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.

(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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (Continued)

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

- (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.

2.27 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022

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 2022			
Consumer food and beverage products			
– Singapore	77,470	–	77,470
– Malaysia	155,025	–	155,025
– China	31,383	–	31,383
– Other Asia Pacific countries	64,847	–	64,847
– Europe	11,833	–	11,833
– United States of America	13,143	–	13,143
	<u>353,701</u>	<u>–</u>	<u>353,701</u>
Other products			
– Singapore	4,358	–	4,358
Royalty fees			
– Other Asia Pacific countries	–	17	17
Total	<u>358,059</u>	<u>17</u>	<u>358,076</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (Continued)

	At a point in time \$'000	Over time \$'000	Total \$'000
The Group 2021			
Consumer food and beverage products			
– Singapore	69,189	–	69,189
– Malaysia	143,494	–	143,494
– China	35,580	–	35,580
– Other Asia Pacific countries	59,085	–	59,085
– Europe	12,475	–	12,475
– United States of America	11,730	–	11,730
	<u>331,553</u>	<u>–</u>	<u>331,553</u>
Other products			
– Singapore	5,464	–	5,464
Warehousing services			
– Singapore	–	853	853
Royalty fees			
– Other Asia Pacific countries	–	33	33
Total	<u>337,017</u>	<u>886</u>	<u>337,903</u>

(b) Contract liabilities

	The Group	
	2022 \$'000	2021 \$'000
Contract liabilities		
Consumer food and beverage and other products	<u>726</u>	<u>3,364</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE (CONTINUED)

(b) Contract liabilities (Continued)

Revenue recognised in relation to contract liabilities

	The Group	
	2022	2021
	\$'000	\$'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	3,145	847

5. OTHER INCOME

	The Group	
	2022	2021
	\$'000	\$'000
Interest income from bank deposits	3,284	1,121
Rental income	9,108	7,120
Dividend income	449	169
	12,841	8,410

6. OTHER GAINS AND LOSSES

		The Group	
	Note	2022	2021
		\$'000	\$'000
Fair value (losses)/gains on financial assets designated as FVPL at initial recognition		(115)	2,182
Fair value gains/(losses) on investment properties – net	19	131	(620)
Gains/(Losses) on disposal of property, plant and equipment – net		35	(366)
Currency translation (loss)/gains – net		(543)	390
Settlement with a distributor in Cambodia		–	(1,007)
Gain on liquidation of a subsidiary		–	2
Compensation from a customer for start-up and commissioning cost		–	2,161
Compensation from a customer for order obligation		2,500	858
Other miscellaneous income		157	225
		2,165	3,825

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. EXPENSES BY NATURE

	Note	The Group	
		2022 \$'000	2021 \$'000
Fees on audit services paid/payable to			
– Auditors of the Company		363	336
– Other auditors*		372	349
Fees on non-audit services paid/payable to			
– Auditors of the Company		34	8
Amortisation of intangible assets	22	274	272
Amortisation of capitalised letting fees	19	71	72
Depreciation of property, plant and equipment	20	17,553	17,126
Write-down of inventories – net	13	2,978	2,322
(Write-back)/Impairment of trade receivables	33(b)	(1,522)	(598)
Employee compensation	8	63,342	62,515
Cost of raw materials and trading goods included in cost of sales**		200,537	189,415
Advertising and promotion expenses***		22,474	25,431
Transportation expense		17,259	14,366
Rental expense on operating leases	21(d)	2,398	1,942
Finance expense – interest expense on lease liabilities	21(c)	589	503
Utilities expense		20,013	14,424
Repairs and maintenance expenses		13,248	12,010

*: Includes other member firms of KPMG International.

** : Cost of raw materials and trading goods included in cost of sales is arrived at net of the \$12,859 (2021: \$240,222) reimbursement from related parties.

During the year, YHS (Singapore) Pte Ltd (“YHS Singapore”), a wholly owned subsidiary of the Group, and Ng Teng Fong Charitable Foundation (“NTFCF”), a related party controlled by the Group’s controlling shareholder, (collectively the “Sponsors”) entered into a 3-year sponsorship agreement with Maximilian Maeder (“Max”), a national sailor representing Singapore in kitefoiling, with an option to renew it for another four years. During the sponsorship period, Max would endorse the Sponsors’ trademarks, and could also be invited to participate in the advertising, marketing and promotion campaigns and activities organised by the Group. YHS Singapore’s sponsorship comprises products in kind (up to 50 cartons/cases a year) while NTFCF’s sponsorship amounted to \$250,000 over 3 years.

***: Advertising and promotion expenses is arrived at net of the \$146,728 (2021: \$396,102) reimbursement from related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. EMPLOYEE COMPENSATION

	Note	The Group	
		2022 \$'000	2021 \$'000
Wages and salaries		50,786	51,172
Employer's contribution to defined contribution plans including Central Provident Fund		4,715	4,925
Retirement benefits costs	26	206	219
Other short-term employee benefits		7,842	6,812
Less: Government grants		(207)	(613)
		63,342	62,515

Government grants of \$207,000 (2021: \$613,000) 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	
	2022 \$'000	2021 \$'000
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	55	12
– Foreign	3,340	2,833
	3,395	2,845
Deferred income tax credit	(88)	(812)
	3,307	2,033
Under/(Over) provision in prior financial years		
– Current income tax	1,326	113
– Deferred income tax	(747)	37
	3,886	2,183

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. INCOME TAXES (CONTINUED)

(a) Income tax expense (Continued)

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

	The Group	
	2022	2021
	\$'000	\$'000
Profit/(Loss) before income tax	6,274	(730)
Share of profit of associated companies and a joint venture, net of tax	(203)	(425)
Profit/(Loss) before income tax and share of profit of associated companies and a joint venture	6,071	(1,155)
Tax calculated at tax rate of 17% (2021: 17%)	1,032	(196)
Effects of:		
– Different tax rates in other countries	1,212	528
– Income not subject to tax	(2,247)	(2,056)
– Expenses not deductible for tax purposes	1,961	848
– Utilisation/Recognition of previously unrecognised tax benefits	(682)	(141)
– Utilisation of tax benefits	469	–
– Deferred income tax assets not recognised	1,562	3,050
– Under provision in prior financial years – net	579	150
Tax charge	3,886	2,183

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. INCOME TAXES (CONTINUED)

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

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year	(107)	747	29	28
Currency translation differences	(169)	138	-	-
Income tax paid	(3,396)	(3,950)	-	(21)
Tax expense	3,395	2,845	22	26
Under/(Over) provision in prior financial years	1,326	113	(51)	(4)
End of financial year	<u>1,049</u>	<u>(107)</u>	<u>-</u>	<u>29</u>
Representing:				
Current income tax recoverable	(763)	(1,097)	-	-
Current income tax liabilities	<u>1,812</u>	<u>990</u>	<u>-</u>	<u>29</u>
	<u>1,049</u>	<u>(107)</u>	<u>-</u>	<u>29</u>

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

	2022			2021		
	Before tax \$'000	Tax (charge)/credit \$'000	After tax \$'000	Before tax \$'000	Tax (charge)/credit \$'000	After Tax \$'000
The Group						
Currency translation differences arising from consolidation	(15,054)	-	(15,054)	2,732	-	2,732
Fair value losses on financial assets, at FVOCI	(292)	-	(292)	(2,115)	-	(2,115)
Remeasurements of defined benefit plans	(3)	-	(3)	(254)	-	(254)
Revaluation gain on property, plant and equipment	<u>2,752</u>	<u>(275)</u>	<u>2,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive (losses)/income	<u>(12,597)</u>	<u>(275)</u>	<u>(12,872)</u>	<u>363</u>	<u>-</u>	<u>363</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. EARNINGS PER SHARE

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

	The Group	
	2022	2021
Net profit/(loss) attributable to equity holders of the Company (\$'000)	2,388	(2,913)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	595,338	585,420
Basic and diluted earnings per share (cents per share)	0.40	(0.50)

11. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	56,992	60,627	580	996
Fixed deposits with financial institutions	158,127	170,318	8,271	8,907
	215,119	230,945	8,851	9,903

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables				
– Non-related parties	50,921	63,028	–	–
– An associated company	5	–	–	–
– Related parties	129	385	–	–
	51,055	63,413	–	–
Less: Loss allowance for trade receivables				
– Non-related parties	(576)	(2,213)	–	–
Trade receivables – net	50,479	61,200	–	–
Other receivables				
– Non-related parties	9,986	5,262	592	300
– Related parties	146	631	–	–
– Subsidiaries	–	–	68,405	65,578
– Government grant receivable	–	992	–	–
Other receivables – net	10,132	6,885	68,997	65,878
Loans to a non-related party	1,301	1,080	1,301	1,080
Staff loans	28	58	–	–
Deposits	2,119	1,670	57	40
Prepayments	2,325	2,460	67	333
Trade and other receivables – Current	66,384	73,353	70,422	67,331
Deposits	861	1,260	–	–
Loans to a non-related party	3,679	4,393	3,679	4,393
Trade and other receivables – Non-current	4,540	5,653	3,679	4,393
Total trade and other receivables	70,924	79,006	74,101	71,724
Non-current	4,540	5,653	3,679	4,393
Current	66,384	73,353	70,422	67,331
	70,924	79,006	74,101	71,724

Other receivables from non-related parties, related parties and subsidiaries are unsecured, interest-free and repayable on demand for the Group and the Company.

Loans to a non-related party are unsecured, interest-bearing at the average prime lending rate for Singapore Dollars plus 2% per annum and will be repayable in full by December 2027 for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Related parties refer to the related companies of the ultimate holding company and companies that are controlled or significantly influenced by the Group's key management personnel, directors or the shareholders of the Company's ultimate holding company.

The Group has obtained bankers' guarantees and cash deposits from certain customers to mitigate the credit risk. No significant credit risk for past due trade and other receivables as it is mainly covered by bankers' guarantees, cash deposits received and instalment repayment plan committed by customers.

13. INVENTORIES

	The Group	
	2022	2021
	\$'000	\$'000
Raw materials	19,977	19,013
Work-in-progress	83	35
Finished/Trading goods	41,279	38,146
	61,339	57,194

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$250,671,000 (2021: \$236,769,000).

During the financial year, the Group wrote down inventories of \$2,978,000 (2021: \$2,322,000).

14. OTHER FINANCIAL ASSETS

	The Group	
	2022	2021
	\$'000	\$'000
Non-current		
Financial assets designated at FVOCI at initial recognition	21,025	16,845
Financial assets designated at FVPL at initial recognition	3,442	3,557
	24,467	20,402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. OTHER FINANCIAL ASSETS (CONTINUED)

Other financial assets are analysed as follows:

	The Group	
	2022 \$'000	2021 \$'000
Financial assets designated at FVOCI		
Listed equity securities – Hong Kong	11,840	6,851
Listed equity securities – USA	1,966	1,864
Listed equity securities – Japan	31	32
Listed equity securities – Europe	178	212
Listed real estate investment trusts and business trusts – Singapore	7,010	7,886
	21,025	16,845
Financial assets designated at FVPL		
Unquoted equity securities – Singapore	3,442	3,557
	3,442	3,557
	24,467	20,402

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	
	2022 \$'000	2021 \$'000
Loans to subsidiaries	45,553	45,553
Less: Loss allowance	(935)	(935)
	44,618	44,618

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2022	2021
	\$'000	\$'000
Beginning of financial year	5,548	5,140
Currency translation differences	(468)	(15)
Share of profit, net of tax	201	423
End of financial year	5,281	5,548

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	
	2022	2021
	\$'000	\$'000
Assets	48,368	56,082
Liabilities	31,700	38,398
Revenue	190,973	238,261
Net profit and total comprehensive income	798	1,670

The Group has not recognised its share of losses relating to certain associated companies amounting to \$2,000 (2021: \$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 \$867,000 (2021: \$865,000) at the balance sheet date.

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

17. INVESTMENT IN A JOINT VENTURE

	The Group	
	2022	2021
	\$'000	\$'000
Beginning of financial year	648	653
Currency translation differences	(36)	(7)
Share of profit, net of tax	2	2
End of financial year	614	648

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. INVESTMENT IN A JOINT VENTURE (CONTINUED)

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	
	2022 \$'000	2021 \$'000
Assets	1,236	1,301
Liabilities	7	4
Revenue	-	-
Net profit and total comprehensive income	5	5

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

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 \$'000	2021 \$'000
Unquoted equity investments at cost less impairment	322,758	322,758
Beginning and end of financial year	322,758	322,758

Details of significant subsidiaries are included in Note 39.

19. INVESTMENT PROPERTIES

	Note	The Group		The Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of financial year		52,602	52,856	79,567	80,037
Currency translation differences		(3,677)	438	-	-
Additions		-	-	-	1,352
Transfer from property, plant and equipment	20	5,158	-	-	-
Disposal		-	-	(22)	(206)
Amortisation/Write-down	7	(71)	(72)	-	-
Net fair value gains/(losses) recognised in profit or loss, under "other gains and losses"	6	131	(620)	750	(1,616)
End of financial year		54,143	52,602	80,295	79,567

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT PROPERTIES (CONTINUED)

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Rental income	5,357	5,231	6,333	4,212
Direct operating expenses arising from:				
– investment properties that generate rental income	(1,046)	(968)	(3,834)	(3,430)
– investment properties that do not generate rental income	(92)	(86)	(830)	(1,395)

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 2022

19. INVESTMENT PROPERTIES (CONTINUED)

Details of investment properties of the Group are follows:

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure
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
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 ⁽¹⁾	Leasehold expiring in year 2071

Legend:

(1) Transferred from property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT PROPERTIES (CONTINUED)

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.

Fair value hierarchy

The fair value measurement for all investment properties of the Group and the Company of \$54,143,000 (2021: \$52,602,000) and \$80,295,000 (2021: \$79,567,000) 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

	2022	2021
	\$'000	\$'000
The Company		
Fair value of investment property based on valuation report	67,000	66,000
Add: Carrying amount of lease liabilities	13,295	13,567
Carrying amount of investment property	80,295	79,567

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

Except for a property reclassification from property, plant and equipment of \$5,158,000 in 2022, there are no transfers into or out of Level 3 during the years ended 31 December 2022 and 2021.

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. The Group's properties valued under this approach have an adjusted transaction price per square metre of \$17 to \$3,994 (2021: \$18 to \$4,440). 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 2022

19. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair value measurement (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 \$166 (2021: \$168) per square metre. Capitalisation rate, estimated at 2.8% to 9.0% (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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								
2022								
Cost								
Beginning of financial year		42,947	186,883	171,773	11,372	9,077	889	422,941
Currency translation differences		(3,292)	(2,984)	(6,241)	(357)	(257)	(47)	(13,178)
Additions		100	501	5,428	964	2,271	6,249	15,513
Disposals		-	(3,338)	(1,936)	(540)	(3,307)	-	(9,121)
Revaluation gains of a property transferred to investment properties	29(b)(i)	-	2,752	-	-	-	-	2,752
Transferred to investment properties	19	-	(6,337)	-	-	-	-	(6,337)
Reclassification/Transfer		507	34	4,586	47	-	(5,174)	-
End of financial year		<u>40,262</u>	<u>177,511</u>	<u>173,610</u>	<u>11,486</u>	<u>7,784</u>	<u>1,917</u>	<u>412,570</u>
Accumulated depreciation								
Beginning of financial year		5,264	55,041	94,868	9,945	7,665	-	172,783
Currency translation differences		(321)	(1,240)	(4,153)	(327)	(228)	-	(6,269)
Disposals		-	(3,321)	(1,918)	(537)	(3,273)	-	(9,049)
Depreciation charge	7	492	4,848	10,179	808	1,226	-	17,553
Transferred to investment properties	19	-	(1,179)	-	-	-	-	(1,179)
End of financial year		<u>5,435</u>	<u>54,149</u>	<u>98,976</u>	<u>9,889</u>	<u>5,390</u>	<u>-</u>	<u>173,839</u>
Cost less accumulated depreciation at end of financial year		<u>34,827</u>	<u>123,362</u>	<u>74,634</u>	<u>1,597</u>	<u>2,394</u>	<u>1,917</u>	<u>238,731</u>
Accumulated impairment losses								
Beginning of financial year		88	20,037	1,414	-	-	-	21,539
Currency translation differences		(5)	-	(73)	-	-	-	(78)
Disposals		-	-	(1)	-	-	-	(1)
End of financial year		<u>83</u>	<u>20,037</u>	<u>1,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,460</u>
Net book value at end of financial year		<u>34,744</u>	<u>103,325</u>	<u>73,294</u>	<u>1,597</u>	<u>2,394</u>	<u>1,917</u>	<u>217,271</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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								
2021								
Cost								
Beginning of financial year		42,571	187,147	147,935	10,560	9,689	18,197	416,099
Currency translation differences		341	731	(363)	6	(10)	(17)	688
Additions		35	337	7,443	910	388	7,014	16,127
Disposals		-	(5,900)	(2,979)	(104)	(990)	-	(9,973)
Reclassification/ Transfer		-	4,568	19,737	-	-	(24,305)	-
End of financial year		42,947	186,883	171,773	11,372	9,077	889	422,941
Accumulated depreciation								
Beginning of financial year		4,923	54,547	88,032	8,877	6,805	-	163,184
Currency translation differences		(56)	(69)	(403)	7	(10)	-	(531)
Disposals		-	(4,335)	(1,696)	(101)	(864)	-	(6,996)
Depreciation charge	7	397	4,898	8,935	1,162	1,734	-	17,126
End of financial year		5,264	55,041	94,868	9,945	7,665	-	172,783
Cost less accumulated depreciation at end of financial year		37,683	131,842	76,905	1,427	1,412	889	250,158
Accumulated impairment losses								
Beginning of financial year		89	21,301	2,219	-	-	-	23,609
Currency translation differences		(1)	(12)	9	-	-	-	(4)
Disposals		-	(1,252)	(814)	-	-	-	(2,066)
End of financial year		88	20,037	1,414	-	-	-	21,539
Net book value at end of financial year		37,595	111,805	75,491	1,427	1,412	889	228,619

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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					
2022					
Cost					
Beginning of financial year	59	5,176	71	–	5,306
Additions	30	260	5	–	295
Disposals	(59)	–	(4)	–	(63)
End of financial year	30	5,436	72	–	5,538
Accumulated depreciation					
Beginning of financial year	59	3,188	69	–	3,316
Depreciation charge	30	450	1	–	481
Disposals	(59)	–	(4)	–	(63)
End of financial year	30	3,638	66	–	3,734
Cost less accumulated depreciation at end of financial year	–	1,798	6	–	1,804
Accumulated impairment losses					
Beginning and end of financial year	–	230	–	–	230
Net book value at end of financial year	–	1,568	6	–	1,574

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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					
2021					
Cost					
Beginning of financial year	59	5,007	69	–	5,135
Additions	–	169	2	–	171
End of financial year	59	5,176	71	–	5,306
Accumulated depreciation					
Beginning of financial year	29	2,681	69	–	2,779
Depreciation charge	30	507	–	–	537
End of financial year	59	3,188	69	–	3,316
Cost less accumulated depreciation at end of financial year	–	1,988	2	–	1,990
Accumulated impairment losses					
Beginning and end of financial year	–	230	–	–	230
Net book value at end of financial year	–	1,758	2	–	1,760

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).

In prior year, the Group recognised an Enterprise Development Grant of \$850,000 from the Enterprise Singapore Board and the amount was deducted to arrive at the carrying amount of the asset. The Group also received a non-monetary asset from the National Research Foundation Board with a fair value of \$2,278,000 and had recognised both asset and grant at a nominal amount.

During the year, a property was transferred to investment properties as it was no longer used by the Group and now leased to third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	
				2022 \$'000	2021 \$'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	55,013	57,032
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	29,948	30,670
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	23,682	26,010
The People's Republic of China					
1 Southwest Street, Sanshui District, Foshan, Guangdong	Factory and trading depot	25,333	Leasehold expiring in year 2060	7,343	8,270
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	77	89
Lot No.65644, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	20,334	Leasehold expiring in year 2033	1,066	1,147
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		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of major properties of the Group under property, plant and equipment are as follows: (Continued)

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount	
				2022 \$'000	2021 \$'000
Malaysia (Continued)					
No. 7 Jalan Tandang, Petaling Jaya, Selangor, Malaysia	Office, factory and trading depot	11,635	Leasehold expiring in year 2058	1,139	1,507
No. 121 & 191, Jalan Utas, Shah Alam, Selangor, Malaysia	Factory and trading depot	39,775	Leasehold expiring in year 2073 and 2074 respectively	4,886	5,536
Lot PTD 90047, 6th Miles, Jalan Kota Tinggi, Pandan, Johor Bahru, Johor, Malaysia	Office, warehouse, factory and trading depot	27,757	Freehold	1,908	1,612
PLO 247, Jalan Gangsa, Pasir Gudang Industrial Estate, Johor, Malaysia	Industrial building and land	24,232	Leasehold expiring in year 2050	3,564	4,004
Lot 764, Mukim Bukit Raja, Shah Tempas Padang Jawa, Daerah Petaling, Malaysia	Office and warehouse	17,052	Freehold	9,152	9,971
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	— ⁽¹⁾	2,619
				137,778	148,467

Legend:

(1) Transferred to investment properties during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	
	2022 \$'000	2021 \$'000
Leasehold land and buildings	103,331	111,805
Plant and machinery, furniture and fittings	2,429	243
Motor vehicles and trucks	1,850	831
Total	107,610	112,879

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 \$38,564,000 and \$80,295,000 (2021: \$36,095,000 and \$79,567,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. LEASES (CONTINUED)

Nature of the Group's leasing activities – The Group as a lessee (Continued)

(b) Depreciation charge during the year

	The Group	
	2022 \$'000	2021 \$'000
Leasehold land and buildings	4,848	4,898
Plant and machinery, furniture and fittings	256	81
Motor vehicles and trucks	1,067	1,555
Total	6,171	6,534

(c) Interest expense

	The Group	
	2022 \$'000	2021 \$'000
Interest expense on lease liabilities (Note 7)	589	503

(d) Lease expense not capitalised in lease liabilities

	The Group	
	2022 \$'000	2021 \$'000
Lease expense – short-term leases	2,175	1,766
Lease expense – low-value leases	223	176
Total (Note 7)	2,398	1,942

(e) Total cash outflow of the Group for all the leases in 2022 was \$2,848,000 (2021: \$3,423,000).

(f) Addition of ROU assets of the Group during the financial year 2022 was \$5,086,000 (2021: \$866,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. LEASES (CONTINUED)

Nature of the Group's leasing activities – The Group as a lessee (Continued)

(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.

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 2022 was \$9,108,000 (2021: \$7,120,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. LEASES (CONTINUED)

Nature of the Group's leasing activities – The Group as an intermediate lessor (Continued)

Subleases – classified as operating leases (Continued)

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	The Group	
	2022	2021
	\$'000	\$'000
Not later than one year	6,244	5,915
One to not later than two years	6,513	6,511
Two to not later than three years	6,534	6,809
Three to not later than four years	6,829	7,130
Four to not later than five years	3,845	7,455
Later than five years	2,141	6,307
Total undiscounted lease payments	32,106	40,127

22. INTANGIBLE ASSETS

	Note	The Group	
		2022	2021
		\$'000	\$'000
Composition:			
Goodwill	(a)	–	–
Trademark licence and bottling right	(b)	3,315	3,522
Computer software licences	(c)	1,112	1,179
		4,427	4,701

(a) Goodwill arising on consolidation

	The Group	
	2022	2021
	\$'000	\$'000
Cost		
Beginning and end of financial year	5,361	5,361
Accumulated impairment losses		
Beginning and end of financial year	(5,361)	(5,361)
Net book value	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on consolidation (Continued)

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	
	2022	2021
	\$'000	\$'000
Cost		
Beginning and end of financial year	<u>4,122</u>	4,122
Accumulated amortisation		
Beginning of financial year	(600)	(395)
Amortisation charge	(207)	(205)
End of financial year	(807)	(600)
Net book value	<u>3,315</u>	<u>3,522</u>

(c) Computer software licences

	The Group	
	2022	2021
	\$'000	\$'000
Cost		
Beginning and end of financial year	<u>1,341</u>	1,341
Accumulated amortisation		
Beginning of financial year	(162)	(95)
Amortisation charge	(67)	(67)
End of financial year	(229)	(162)
Net book value	<u>1,112</u>	<u>1,179</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. INTANGIBLE ASSETS (CONTINUED)

(d) Amortisation expense on intangible assets included in the consolidated statement of comprehensive income is analysed as follows:

	The Group	
	2022 \$'000	2021 \$'000
Cost of sales	207	205
Administrative expenses	67	67
Total (Note 7)	274	272

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred income tax assets	(3,531)	(4,152)	-	-
Deferred income tax liabilities	6,157	7,687	377	408
Net deferred income tax liabilities	2,626	3,535	377	408

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	Lease asset \$'000	Total \$'000
The Group				
2022				
Beginning of financial year	7,434	4,042	–	11,476
Currency translation differences	(371)	(315)	(7)	(693)
Debited to profit or loss	288	43	114	445
Charged to other comprehensive income	–	275	–	275
End of financial year	<u>7,351</u>	<u>4,045</u>	<u>107</u>	<u>11,503</u>
2021				
Beginning of financial year	8,460	3,954	–	12,414
Currency translation differences	(52)	50	–	(2)
(Credited)/Debited to profit or loss	(974)	38	–	(936)
End of financial year	<u>7,434</u>	<u>4,042</u>	<u>–</u>	<u>11,476</u>

Deferred income tax assets

	Unutilised capital allowances and tax losses \$'000	Provisions \$'000	Lease liabilities \$'000	Total \$'000
The Group				
2022				
Beginning of financial year	(4,458)	(2,564)	(919)	(7,941)
Currency translation differences	205	134	5	344
Debited/(Credited) to profit or loss	(671)	(688)	79	(1,280)
End of financial year	<u>(4,924)</u>	<u>(3,118)</u>	<u>(835)</u>	<u>(8,877)</u>
2021				
Beginning of financial year	(4,617)	(2,573)	(916)	(8,106)
Currency translation differences	26	(22)	–	4
Debited/(Credited) to profit or loss	133	31	(3)	161
End of financial year	<u>(4,458)</u>	<u>(2,564)</u>	<u>(919)</u>	<u>(7,941)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 \$30,320,000 (2021: \$26,816,000) and unrecognised capital allowances of \$1,584,000 (2021: \$5,376,000) 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. Tax losses of \$30,320,000 will expire between 2023 and 2032 (2021: tax losses of \$26,816,000 will expire between 2022 and 2031).

In prior year, government investment allowance of \$8,484,000 was granted to the group which could be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in their respective countries of incorporation.

Deferred income tax liabilities of \$7,226,000 (2021: \$6,643,000) 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 \$24,086,000 (2021: \$22,145,000) at the balance sheet date.

Deferred income tax liabilities

	Accelerated tax depreciation \$'000
The Company	
2022	
Beginning of financial year	408
Credited to profit or loss	(31)
End of financial year	<u>377</u>
2021	
Beginning of financial year	662
Credited to profit or loss	(254)
End of financial year	<u>408</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables				
– Non-related parties	20,862	29,944	–	–
– An associated company	97	–	–	–
	20,959	29,944	–	–
Other payables				
– Non-related parties	10,130	16,677	409	887
– Subsidiaries	–	–	1,140	1,092
– Related party	100	–	–	–
	10,230	16,677	1,549	1,979
Accruals for operating expenses	27,793	28,281	1,125	2,137
	58,982	74,902	2,674	4,116

Other payables to non-related parties and subsidiaries are unsecured, interest-free and repayable on demand.

25. LEASE LIABILITIES

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current	1,619	1,892	280	272
Non-current	15,868	13,854	13,015	13,295
	17,487	15,746	13,295	13,567

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. LEASE LIABILITIES (CONTINUED)

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not later than one year	1,619	1,892	280	272
Between one to five years	3,807	1,722	1,193	1,163
Later than five years	12,061	12,132	11,822	12,132
	17,487	15,746	13,295	13,567

Reconciliation of lease liabilities arising from financing activities:

	The Group Lease liabilities \$'000
Balance as at 1 January 2022	15,746
Financing cash flows	
Principal payment of lease liabilities	(2,404)
Interest paid	(444)
Total financing cash flows	(2,848)
Non-cash changes	
Additions during the year	4,127
Disposals during the year	(29)
Interest expense	589
Currency translation differences	(98)
Total non-cash changes	4,589
Balance as at 31 December 2022	17,487

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. LEASE LIABILITIES (CONTINUED)

Reconciliation of lease liabilities arising from financing activities (Continued):

	The Group Lease liabilities \$'000
Balance as at 1 January 2021	18,452
Financing cash flows	
Principal payment of lease liabilities	(2,920)
Interest paid	(503)
Total financing cash flows	(3,423)
Non-cash changes	
Additions during the year	739
Disposals during the year	(500)
Interest expense	503
Currency translation differences	(25)
Total non-cash changes	717
Balance as at 31 December 2021	15,746

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	
	2022	2021
	\$'000	\$'000
Present value of unfunded obligations/liabilities recognised in the balance sheet	2,014	2,006

The retirement benefit plans are not funded. There are no plan assets or actual returns on plan assets.

As of 31 December 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

Movements in provision for retirement benefits are as follows:

	The Group	
	2022	2021
	\$'000	\$'000
Beginning of financial year	2,006	1,722
Currency translation differences	(128)	(11)
<u>Charged to profit or loss (Note 8):</u>		
– Current service cost	120	135
– Interest cost	86	84
	206	219
<u>Credited to other comprehensive income:</u>		
Actuarial gain arising from remeasurements:		
– Demographic assumptions	–	65
– Financial assumptions	(94)	28
– Experience adjustment	97	161
	3	254
Benefits paid	(73)	(178)
End of financial year	2,014	2,006

The significant weighted actuarial assumptions used were as follows:

	2022	2021
	%	%
Discount rate	5.3	4.7
Salary growth rate	4.6	4.6

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	
	2022	2021
	\$'000	\$'000
Discount rate		
– Increase by 1%	(152)	(158)
– Decrease by 1%	162	168
Salary growth rate		
– Increase by 1%	172	177
– Decrease by 1%	(164)	(169)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

The above sensitivity analysis is 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 (2021: 9 years) and expected maturity analysis of undiscounted retirement benefits is as follows:

	The Group	
	2022	2021
	\$'000	\$'000
Less than one year	226	53
Between one and five years	921	807
More than five years	892	1,099
	2,039	1,959

27. SHARE CAPITAL

	Number of ordinary shares for issued share capital '000	Amount of share capital \$'000
31 December 2022		
Beginning of financial year	590,663	237,814
Issue of new share pursuant to Scrip Dividend Scheme	12,219	10,141
End of financial year	602,882	247,955
31 December 2021		
Beginning of financial year	579,911	228,245
Issue of new share pursuant to Scrip Dividend Scheme	10,752	9,569
End of financial year	590,663	237,814

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. SHARE CAPITAL (CONTINUED)

Yeo Hiap Seng Limited Share Incentive Plan

Yeo Hiap Seng Limited Share Incentive Plan (“The Plan”) is an omnibus share incentive scheme which amalgamates a share option plan component and a performance share plan component. Participants will be selected at the sole discretion of the Committee from eligible categories of persons comprising (i) Group employees who hold such rank as may be designated by the Committee from time to time, (ii) Non-Executive directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and (iii) associated company employees who hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. Persons who are the Company’s controlling shareholders or their associates (as those terms are defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) will not be eligible to participate in the Plan.

The aggregate number of new shares which may be issued pursuant to options and/or awards granted under the Plan on any date, when added to the number of new shares issued and issuable in respect of all options and awards granted under the Plan, shall not exceed 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding that date. Unless earlier terminated or extended with the approval of the shareholders of the Company, the Plan will continue in force, at the discretion of the Committee, for a maximum period of 10 years commencing on the date of its adoption.

Under the share option plan component, an option granted pursuant to the Plan represents a right to acquire ordinary shares in the Company at the exercise price per share applicable to the option. The exercise price per share is fixed at the time of the grant of the option and may be set at the market price, or at a discount to the market price, or at the market price subject to adjustment with a discount if prescribed performance conditions are met, or at a premium to the market price. The maximum discount which may be given in respect of that Option shall not exceed 20% of the exercise price in respect of that option.

Under the performance share plan component, an award granted represents a contingent right to receive fully paid ordinary shares in the Company, their equivalent cash value or combinations thereof, free of charge, provided that prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods.

Subject to the Plan size and the individual and collective limits applicable to associates under the Plan, the number of shares that will be comprised in an option or award, and the terms thereof, including any vesting or other conditions, will be determined by the Committee at its sole discretion having regard to various factors such as (but not limited to) the participant’s rank, job performance, years of service and potential for future development and his contribution to the success and development of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. SHARE CAPITAL (CONTINUED)

Yeo Hiap Seng Limited Share Incentive Plan (Continued)

The person to whom the awards have been granted has no right to participate by virtue of the award in share issue of any other company.

There was no grant of awards made pursuant to the Plan in 2022.

No share option has been granted under the Plan in 2022.

28. CAPITAL RESERVE

Capital reserve of the Group arises from the consolidation of a subsidiary.

29. OTHER RESERVES

(a) Composition:

	The Group	
	2022 \$'000	2021 \$'000
Property revaluation reserve	5,690	3,219
Fair value reserve	(2,015)	(1,723)
Foreign currency translation reserve	(23,964)	(8,910)
General reserve	(38,418)	(38,415)
	(58,707)	(45,829)

(b) Movements:

	The Group	
	2022 \$'000	2021 \$'000
(i) <i>Property revaluation reserve</i>		
Beginning of financial year	3,219	3,244
Revaluation gains (Note 20)	2,752	–
Tax on revaluation gains (Note 9(c))	(275)	–
Transfer to retained profits on realisation	(6)	(25)
End of financial year	5,690	3,219
(ii) <i>Fair value reserve</i>		
Beginning of financial year	(1,723)	392
Fair value gains	(292)	(2,115)
End of financial year	(2,015)	(1,723)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. OTHER RESERVES (CONTINUED)

(b) Movements: (Continued)

	The Group	
	2022 \$'000	2021 \$'000
(iii) Foreign currency translation reserve		
Beginning of financial year	(8,910)	(11,642)
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and a joint venture	(15,054)	2,732
End of financial year	<u>(23,964)</u>	<u>(8,910)</u>
(iv) General reserve		
Beginning of financial year	(38,415)	(38,399)
Transfer to retained profits on realisation	(3)	(16)
End of financial year	<u>(38,418)</u>	<u>(38,415)</u>

Other reserves are non-distributable. General reserve primarily arose from the acquisition of non-controlling interests in a subsidiary in 2013.

30. DIVIDENDS

	The Group	
	2022 \$'000	2021 \$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 2 cents (2021: 2 cents) per share, tax exempt (1-tier)		
– new shares issued	10,141	9,569
– cash	1,672	2,029
	<u>11,813</u>	<u>11,598</u>

The directors have proposed a final dividend of 2 cents per ordinary share, tax exempt (1-tier) amounting to \$12,058,000 (2021: \$11,813,000) for approval by shareholders at the forthcoming annual general meeting to be convened for the financial year ended 31 December 2022.

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 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. LITIGATIONS

In 2020, a wholly-owned indirect subsidiary in Malaysia, Yeo Hiap Seng Trading Sdn Bhd (“YHS Trading”), was served with three Writs of Summonses (“Sengjaya’s Writs”), filed in Malaysia, claiming in aggregate Malaysian Ringgit (“MYR”) 13.7 million, after YHS Trading had terminated its non-exclusive distribution agreements with the Sengjaya group of companies (“Sengjaya”). YHS Trading had filed its defences and served its Writs of Summonses (“YHS’ Writs”) on Sengjaya and applied for summary judgments for YHS’ Writs and to strike out Sengjaya’s Writs.

In 2021, the High Court of Malaya at Shah Alam (“the High Court”) had awarded the cases in favour of YHS Trading in all the lawsuits. Sengjaya had since appealed. In August 2022, Sengjaya’s appeals were dismissed by the Court of Appeal.

In 2022, YHS Trading received MYR 4.7 million from Sengjaya for the judgements awarded by the High Court. The Group has recognised write-back of impairment on trade receivables of MYR 4.7 million (\$1.5 million) in the comprehensive income statement for the full year ended 31 December 2022.

In January 2023, Sengjaya filed a new application against YHS Trading to stop any further or pending execution proceedings on one of the summary judgements.

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	
	2022 \$’000	2021 \$’000	2022 \$’000	2021 \$’000
Capital commitments in respect of purchase and construction of property, plant and equipment approved and contracted for	<u>1,815</u>	<u>4,688</u>	<u>219</u>	<u>158</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(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.

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 2022									
Financial assets									
Cash and cash equivalents	153,744	37,023	2,071	16,345	5,068	834	-	34	215,119
Trade and other receivables [^]	25,691	5,523	579	2,783	29,252	3,496	-	414	67,738
Intra-group balances	174,028	70,801	-	7,734	53,300	612	-	-	306,475
Financial assets, at FVPL	-	3,442	-	-	-	-	-	-	3,442
Financial assets, at FVOCI	7,009	1,966	11,841	-	-	-	178	31	21,025
	<u>360,472</u>	<u>118,755</u>	<u>14,491</u>	<u>26,862</u>	<u>87,620</u>	<u>4,942</u>	<u>178</u>	<u>479</u>	<u>613,799</u>
Financial liabilities									
Intra-group balances	(174,028)	(70,801)	-	(7,734)	(53,300)	(612)	-	-	(306,475)
Lease liabilities	(14,711)	(207)	(46)	(1,825)	(695)	-	-	(3)	(17,487)
Trade and other payables ^{^^}	(15,710)	(6,162)	(413)	(5,276)	(12,598)	(18,073)	(7)	(17)	(58,256)
	<u>(204,449)</u>	<u>(77,170)</u>	<u>(459)</u>	<u>(14,835)</u>	<u>(66,593)</u>	<u>(18,685)</u>	<u>(7)</u>	<u>(20)</u>	<u>(382,218)</u>
Net financial assets/ (liabilities)	156,023	41,585	14,032	12,027	21,027	(13,743)	171	459	231,581
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(176,922)	(34,723)	(2,190)	(12,110)	(21,156)	13,743	-	3	
Currency exposure	<u>(20,899)</u>	<u>6,862</u>	<u>11,842</u>	<u>(83)</u>	<u>(129)</u>	<u>-</u>	<u>171</u>	<u>462</u>	

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (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 2021									
Financial assets									
Cash and cash equivalents	169,389	33,474	2,059	19,304	6,191	490	–	38	230,945
Trade and other receivables [^]	22,088	8,282	605	2,498	37,364	4,424	20	5	75,286
Intra-group balances	150,101	81,486	–	5,847	59,082	3,080	–	–	299,596
Financial assets, at FVPL	–	3,557	–	–	–	–	–	–	3,557
Financial assets, at FVOCI	7,886	1,864	6,851	–	–	–	212	32	16,845
	<u>349,464</u>	<u>128,663</u>	<u>9,515</u>	<u>27,649</u>	<u>102,637</u>	<u>7,994</u>	<u>232</u>	<u>75</u>	<u>626,229</u>
Financial liabilities									
Intra-group balances	(150,101)	(81,486)	–	(5,847)	(59,082)	(3,080)	–	–	(299,596)
Lease liabilities	(13,987)	(26)	(161)	–	(1,568)	–	–	(4)	(15,746)
Trade and other payables ^{^^}	(16,366)	(6,905)	(531)	(5,144)	(24,443)	(18,054)	(19)	(76)	(71,538)
	<u>(180,454)</u>	<u>(88,417)</u>	<u>(692)</u>	<u>(10,991)</u>	<u>(85,093)</u>	<u>(21,134)</u>	<u>(19)</u>	<u>(80)</u>	<u>(386,880)</u>
Net financial assets/ (liabilities)	<u>169,010</u>	<u>40,246</u>	<u>8,823</u>	<u>16,658</u>	<u>17,544</u>	<u>(13,140)</u>	<u>213</u>	<u>(5)</u>	<u>239,349</u>
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	<u>(173,910)</u>	<u>(31,151)</u>	<u>(1,976)</u>	<u>(16,694)</u>	<u>(17,583)</u>	<u>13,140</u>	<u>–</u>	<u>4</u>	
Currency exposure	<u>(4,900)</u>	<u>9,095</u>	<u>6,847</u>	<u>(36)</u>	<u>(39)</u>	<u>–</u>	<u>213</u>	<u>(1)</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Company's currency exposures are as follows:

	SGD equivalent USD \$'000
At 31 December 2022	
Financial assets	
Other receivables [^]	25
At 31 December 2021	
Financial assets	
Other receivables [^]	635

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 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the USD and HKD had changed against the SGD by 2% (2021: 1%) and 2% (2021: 2%) 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	
	2022	2021
	\$'000	\$'000
The Group		
USD against SGD		
– strengthened	114	75
– weakened	(114)	(75)
HKD against SGD		
– strengthened	197	114
– weakened	(197)	(114)

The currency risk analysis for RMB, EUR, RM and IDR 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 is insignificant to the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Price risk

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 7.2% (2021: 5.1%), 4.4% (2021: 1.6%), 3.1% (2021: 3.8%), 2.1% (2021: 1.2%) and 1.9% (2021: 1.2%) respectively with all other variables including tax rate being held constant, the effects on other comprehensive income would have been:

	Increase/(Decrease)	
	2022	2021
	Other	Other
	comprehensive	comprehensive
	income	income
	\$'000	\$'000
	<hr/>	<hr/>
The Group		
Listed in Singapore		
– increased by	503	399
– decreased by	(503)	(399)
Listed in USA		
– increased by	86	29
– decreased by	(86)	(29)
Listed in Hong Kong		
– increased by	369	261
– decreased by	(369)	(261)
Listed in Europe		
– increased by	4	3
– decreased by	(4)	(3)
Listed in Japan		
– increased by	1	1
– decreased by	(1)	(1)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (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 0.5% (2021: 0.01%) with other variables including tax rate being held constant, the effects on net profit would have been as follows:

	Increase/(Decrease) in net profit	
	2022 \$'000	2021 \$'000
The Group		
SGD interest rate		
– strengthened	622	14
– weakened	(622)	(14)
The Company		
SGD interest rate		
– strengthened	34	1
– weakened	(34)	(1)

There were no outstanding borrowings in 2022 and 2021.

(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 2022

33. FINANCIAL RISK MANAGEMENT (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	
	2022	2021
	\$'000	\$'000
By geographical areas		
Singapore	13,911	12,630
Malaysia	27,313	35,702
Cambodia and Vietnam	843	3,442
China and Hong Kong	647	785
North America	3,397	3,643
Indonesia	2,843	3,698
Europe	1,115	1,254
Other countries	410	46
Trade receivables – net (Note 12)	50,479	61,200
Less: Amounts covered by bankers' guarantees and cash deposits	(9,327)	(11,062)
Maximum exposure to credit risk for trade receivables	41,152	50,138
By types of customers		
<u>Consumer food and beverage products</u>		
Related parties	129	385
Non-related parties:		
– Supermarkets, minimart chains, provision shops and gas stations	12,975	20,001
– Hotels, bars/pubs, restaurants, food courts and coffee shops	1,324	1,397
– Wholesalers and distributors	28,951	35,500
– Vending sales	183	182
– Other	6,917	3,735
	50,479	61,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Movements in credit loss allowance on trade receivables:

	The Group	
	2022 \$'000	2021 \$'000
Beginning of financial year	2,213	3,013
– Currency translation differences	(77)	(17)
Loss allowance recognised in profit or loss during the year on:		
– Assets originated	366	486
– Reversal of unutilised amounts	(1,888)	(1,084)
	(1,522)	(598)
– Allowance utilised	(38)	(185)
End of financial year	<u>576</u>	<u>2,213</u>

(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 2022

33. FINANCIAL RISK MANAGEMENT (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 2022			
By geographical areas			
Singapore	1.0%	13,911	133
Malaysia	2.2%	20,304	442
Cambodia and Vietnam	–	801	–
China and Hong Kong	0.2%	639	1
North America	–	3,397	–
Indonesia	–	575	–
Europe	–	1,115	–
Other countries	–	410	–
		41,152	576
31 December 2021			
By geographical areas			
Singapore	0.6%	12,630	82
Malaysia	7.6%	27,850	2,130
Cambodia and Vietnam	–	3,164	–
China and Hong Kong	0.1%	777	1
North America	–	3,643	–
Indonesia	–	774	–
Europe	–	1,254	–
Other countries	–	46	–
		50,138	2,213

* 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 2022

33. FINANCIAL RISK MANAGEMENT (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, related parties, government grant receivable and loans to a non-related party of \$15,112,000 (2021: \$12,358,000), and the Company held other receivables from non-related parties, loans to a non-related party and subsidiaries of \$73,977,000 (2021: \$71,351,000) and loans to subsidiaries (net of impairment) of \$44,618,000 (2021: \$44,618,000).

Impairment on these balances has been measured on the twelve 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 twelve 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 2022				
Trade and other payables [^]	(58,256)	–	–	(58,256)
Lease liabilities	(2,246)	(5,739)	(16,567)	(24,552)
	<u>(60,502)</u>	<u>(5,739)</u>	<u>(16,567)</u>	<u>(82,808)</u>
At 31 December 2021				
Trade and other payables [^]	(71,538)	–	–	(71,538)
Lease liabilities	(2,256)	(3,107)	(16,946)	(22,309)
	<u>(73,794)</u>	<u>(3,107)</u>	<u>(16,946)</u>	<u>(93,847)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (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 2022				
Other payables	(2,674)	–	–	(2,674)
Lease liabilities	(622)	(2,486)	(16,325)	(19,433)
	<u>(3,296)</u>	<u>(2,486)</u>	<u>(16,325)</u>	<u>(22,107)</u>
At 31 December 2021				
Other payables	(4,116)	–	–	(4,116)
Lease liabilities	(622)	(2,487)	(16,946)	(20,055)
	<u>(4,738)</u>	<u>(2,487)</u>	<u>(16,946)</u>	<u>(24,171)</u>

[^] 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 2022 and 31 December 2021 are as follows:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net debt	–	–	7,118	7,780
Total equity	571,427	583,583	515,851	512,210
Total capital employed	<u>571,427</u>	<u>583,583</u>	<u>522,969</u>	<u>519,990</u>
Gearing ratio	Nil	Nil	1%	1%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (Continued)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(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 \$'000	Level 3 \$'000	Total \$'000
The Group			
31 December 2022			
Assets			
Financial assets, at FVPL	–	3,442	3,442
Financial assets, at FVOCI	21,025	–	21,025
31 December 2021			
Assets			
Financial assets, at FVPL	–	3,557	3,557
Financial assets, at FVOCI	16,845	–	16,845

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.

The fair value of financial instrument that is not traded in an active market is determined by using the valuation from the latest sales transaction in June 2022.

There were no financial assets measured under Level 2 during the years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (Continued)

The following table presents the changes in Level 3 instruments:

	Unquoted equity securities \$'000
The Group	
2022	
Beginning of financial year	3,557
Purchases	–
Fair value gains recognised in profit or loss	<u>(115)</u>
End of financial year	<u>3,442</u>
Total unrealised losses for the period included in profit or loss for assets held at the end of the financial year ^(a)	<u>(115)</u>
The Group	
2021	
Beginning of financial year	–
Purchases	1,348
Fair value gains recognised in profit or loss	<u>2,209</u>
End of financial year	<u>3,557</u>
Total unrealised gains for the period included in profit or loss for assets held at the end of the financial year ^(a)	<u>2,209</u>

(a) The unrealised gains are presented in “other gains and losses” in the consolidated statement of comprehensive income.

Valuation techniques and inputs used in Level 3 fair value measurements

Description	Fair value as at 31 December 2022 (\$'000)	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs
Unquoted equity securities	\$3,442 (2021: \$3,557)	The fair value is based on the valuation from the latest sales transaction in June 2022. (2021: latest private placement exercise in December 2021)	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets at amortised cost	282,857	306,231	127,502	125,912
Financial liabilities at amortised cost	75,743	87,284	15,969	17,683

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	
	2022 \$'000	2021 \$'000
Amount billed by Far East Hospitality Real Estate Investment Trust:		
– Purchases of services	(2)	(2)
– Rental expense	(29)	(29)
Amount billed to/(by) Sino Land Company Limited Group:		
– Sales of goods	239	125
– Purchases of services	(11)	(2)
Amount billed to/(by) other related parties:		
– Sales of goods	619	957
– Purchase of services	(710)	(14)
– Rental expense	(99)	(104)
– Reimbursement of expenses/costs	160	636
Amount billed to/(by) TM Foods Sdn. Bhd Group:		
– Sales of goods	21	66
– Purchases of goods	(2,917)	(6,310)
Service/Lease commitment payable to:		
– Far East Hospitality Real Estate Investment Trust	(29)	(29)
– Other related parties	(1,138)	(1,800)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Sales and purchases of goods and services (Continued)

Far East Hospitality Real Estate Investment Trust 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.

Other related parties comprise companies that are controlled or significantly influenced by the Group's key management personnel, directors or the shareholders of the Company's ultimate holding company.

Outstanding balances at 31 December 2022, arising from sales/purchases of goods and services, are unsecured and receivable/payable within twelve months from balance sheet date and are disclosed in Notes 12 and 24 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2022 \$'000	2021 \$'000
Wages and salaries	3,471	4,230
Directors' fees	720	813
Employer's contribution to defined contribution plans including Central Provident Fund	138	128
Other short-term employee benefits	1,598	973
	5,927	6,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022

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 2022				
Revenue				
– External sales	358,059	17	–	358,076
– Inter-segment sales	–	5,928	(5,928)	–
	<u>358,059</u>	<u>5,945</u>	<u>(5,928)</u>	<u>358,076</u>
Profit/(Loss) from operation	(3,479)	10,139	–	6,660
Share of profit of associated companies and a joint venture	203	–	–	203
Segment profit/(loss)	<u>(3,276)</u>	<u>10,139</u>	<u>–</u>	<u>6,863</u>
Finance expense				(589)
Profit before income tax				<u>6,274</u>
Income tax expense				<u>(3,886)</u>
Net profit				<u>2,388</u>
Segment assets	447,854	342,475	(142,639)	647,690
Associated companies and a joint venture	5,895	–	–	5,895
Unallocated assets				<u>4,294</u>
Consolidated total assets				<u>657,879</u>
Segment liabilities	213,103	10,736	(145,356)	78,483
Unallocated liabilities				<u>7,969</u>
Consolidated total liabilities				<u>86,452</u>
Other segment items				
Additions to property, plant and equipment	15,513	–	–	15,513
Fair value losses on financial assets designated as FVPL at initial recognition	–	115	–	115
Gains on disposal of property, plant and equipment	(35)	–	–	(35)
Interest income	(537)	(2,747)	–	(3,284)
Depreciation	17,553	–	–	17,553
Amortisation of intangible assets	274	–	–	274
Amortisation of capitalised letting fees	–	71	–	71
Fair value gains on investment properties – net	–	(131)	–	(131)
Currency translation loss – net	<u>543</u>	<u>–</u>	<u>–</u>	<u>543</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2021				
Revenue				
– External sales	337,870	33	–	337,903
– Inter-segment sales	–	5,684	(5,684)	–
	<u>337,870</u>	<u>5,717</u>	<u>(5,684)</u>	<u>337,903</u>
(Loss)/Profit from operation	(9,927)	9,275	–	(652)
Share of profit of associated companies and a joint venture	425	–	–	425
Segment (loss)/profit	<u>(9,502)</u>	<u>9,275</u>	<u>–</u>	<u>(227)</u>
Finance expense				(503)
Loss before income tax				(730)
Income tax expense				<u>(2,183)</u>
Net loss				<u>(2,913)</u>
Segment assets	469,073	331,938	(127,542)	673,469
Associated companies and a joint venture	6,196	–	–	6,196
Unallocated assets				5,249
Consolidated total assets				<u>684,914</u>
Segment liabilities	217,426	12,011	(136,783)	92,654
Unallocated liabilities				8,677
Consolidated total liabilities				<u>101,331</u>
Other segment items				
Additions to property, plant and equipment	16,127	–	–	16,127
Fair value gains on financial assets designated as FVPL at initial recognition	–	(2,182)	–	(2,182)
Losses on disposal of property, plant and equipment	366	–	–	366
Interest income	(332)	(789)	–	(1,121)
Depreciation	17,126	–	–	17,126
Amortisation of intangible assets	272	–	–	272
Amortisation of capitalised letting fees	–	72	–	72
Gain on liquidation of a subsidiary	(2)	–	–	(2)
Fair value losses on investment properties – net	–	620	–	620
Currency translation gain – net	(427)	37	–	(390)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's main business segments operate in four 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.
- China – the operations in this area are principally production, marketing, sale and distribution of beverages, food and other products.
- Other countries – the operations include manufacturing; sale and distribution of beverages and food products; and investment holding.

With the exception of Singapore, Malaysia and China, 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore	81,828	75,506	118,732	118,495
Malaysia	155,025	143,494	95,857	99,684
China	31,383	35,580	28,609	28,724
Other countries	89,840	83,323	67,545	71,270
	358,076	337,903	310,743	318,173

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. 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 2022 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) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

The following amendments to SFRS (I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 Insurance Contracts
- SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)
- SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)

38. 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 17 March 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

<u>Name of company/ Country of incorporation</u>	<u>Principal activities</u>	<u>Country of business</u>	<u>Equity holding</u>	
			<u>2022 %</u>	<u>2021 %</u>
<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	100
<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 and distribution 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding	
			2022 %	2021 %
<i>Significant subsidiaries held by subsidiaries (Continued)</i>				
YHS (USA) Inc. (USA) ⁽³⁾	Investment holding	USA	100	100
Yeo Hiap Seng (Malaysia) Sdn. Bhd. (Formerly known as Yeo Hiap Seng (Malaysia) Berhad) (Malaysia) ⁽²⁾	Production, marketing and sale of beverages and food products	Malaysia	100	100
Bestcan Food Technological Industry 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	Name of audit firm
YHS Trading (USA) Inc. YHS (USA) Inc.	MOSS-ADAMS LLP Certified Public Accountants, a member of Moores Rowland International, a professional association of independent accounting firm

STATISTICS OF SHAREHOLDINGS

AS AT 1 MARCH 2023

Issued and Fully Paid-up Capital	:	\$247,955,445
No. of Shares Issued	:	602,881,690
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	566	10.66	15,450	0.00
100 – 1,000	1,536	28.93	801,077	0.13
1,001 – 10,000	2,546	47.95	8,735,786	1.45
10,001 – 1,000,000	649	12.22	28,096,239	4.66
1,000,001 and above	13	0.24	565,233,138	93.76
Total	5,310	100.00	602,881,690	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
Far East Organization Pte Ltd	324,576,739	53.84
Far East Spring Pte Ltd	66,898,681	11.10
Transurban Properties Pte Ltd	58,997,154	9.78
Citibank Nominees Singapore Pte Ltd	30,545,953	5.06
Sino Land Company Limited	25,823,799	4.28
OCBC Securities Private Ltd	15,976,258	2.65
DBS Nominees Pte Ltd	13,040,019	2.16
HSBC (Singapore) Nominees Pte Ltd	8,483,741	1.41
Bank of East Asia Noms Pte Ltd	6,489,861	1.08
BNP Paribas Noms Singapore Pte Ltd	4,627,409	0.77
Morph Investments Ltd	4,385,043	0.73
Raffles Nominees (Pte) Limited	4,263,638	0.71
United Overseas Bank Nominees Pte Ltd	1,124,843	0.19
OCBC Nominees Singapore Pte Ltd	910,774	0.15
Tan Cheok Hoong	881,800	0.15
Phillip Securities Pte Ltd	684,336	0.11
Chong Yean Fong	600,000	0.10
Maybank Securities Pte. Ltd.	553,234	0.09
UOB Kay Hian Pte Ltd	526,416	0.09
Morgan Stanley Asia (S) Sec Pte Ltd	451,279	0.07
Total:	569,840,977	94.52

STATISTICS OF SHAREHOLDINGS

AS AT 1 MARCH 2023

SUBSTANTIAL SHAREHOLDERS

	Name of Substantial Shareholder	Direct Interest No. of Shares	% of Total Issued Shares⁽¹⁾	Deemed Interest No. of Shares	% of Total Issued Shares
1.	Far East Organization Pte. Ltd. ("FEO")	309,973,933	51.42	–	–
2.	Far East Spring Pte. Ltd. ("FES")	63,888,889	10.60	–	–
3.	Transurban Properties Pte. Ltd. ("TPPL")	56,342,854	9.35	–	–
4.	Ng Chee Tat Philip ("PN") ⁽²⁾	–	–	476,296,373	79.00
5.	The Estate of Mr Ng Teng Fong (Deceased) (the "Estate") ⁽³⁾	–	–	390,978,765	64.85
6.	Ng Chee Siong ("RN") ⁽⁴⁾	–	–	390,978,765	64.85
7.	Madam Tan Kim Choo @ Teng Kim Chow ("Madam Tan") ⁽⁵⁾	49,618	0.01	373,862,822	62.01
8.	Glory Realty Co. Private Ltd. ("Glory") ⁽⁶⁾	–	–	56,342,854	9.35

Notes:

- (1) Based on 602,881,690 issued shares as at 1 March 2023.
- (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 1 March 2023, approximately 20.99% 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-seventh Annual General Meeting of the Company will be convened and held by way of electronic means on Friday, 28 April 2023, at 4.00 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 2022 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 2022. **Ordinary Resolution 2**
3. To approve the payment of \$720,082 as Directors' fees for the financial year ended 31 December 2022. (2021: \$753,138) **Ordinary Resolution 3**
4. (a) To re-elect Mr Ng Win Kong Daryl, a Director who retires by rotation pursuant to articles 94 and 95 of the Constitution of the Company. **Ordinary Resolution 4**

(b) To re-elect the following Directors, each of whom retires pursuant to article 100 of the Constitution of the Company:
 - (i) Mr Ong Kay Eng **Ordinary Resolution 5**
 - (ii) Mr Leung Yu Hin Eugene **Ordinary Resolution 6**
5. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

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 8**
 - (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,

NOTICE OF ANNUAL GENERAL MEETING

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

- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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.

7. That:

Ordinary Resolution 9

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (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”);

NOTICE OF ANNUAL GENERAL MEETING

- (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;

“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;

NOTICE OF ANNUAL GENERAL MEETING

“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 the Directors of the Company be and are hereby authorised to grant options and/or awards in accordance with the provisions of the Yeo Hiap Seng Limited Share Incentive Plan (the “Plan”), and to allot and issue from time to time such number of shares of the Company as may be required to be issued pursuant to the exercise of options under the Plan and/or such number of fully paid shares of the Company 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 of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited)) from time to time.

Ordinary Resolution 10

9. That pursuant to Section 161 of the Companies Act 1967, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme.

Ordinary Resolution 11

BY ORDER OF THE BOARD

Nor Hafiza Alwi
Company Secretary

Singapore, 29 March 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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.
2. Printed copies of this Notice and the Proxy Form for the Annual General Meeting will not be sent to members. Instead, these documents 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/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

3. **As the Annual General Meeting will be conducted in an electronic format, shareholders, including CPF and SRS investors, will not be able to attend the Annual General Meeting in person.** Alternative arrangements relating to:

- (a) attendance at the Annual General Meeting by shareholders, including CPF and SRS investors, via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream);
- (b) submission of questions to the Chairman of the Meeting by shareholders, including CPF and SRS investors, in advance of, or "live" at, the Annual General Meeting, and addressing of substantial and relevant questions in advance of, or "live" at, the Annual General Meeting; and
- (c) voting at the Annual General Meeting (i) "live" by the shareholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; (ii) "live" by the CPF or SRS investor via electronic means if he/she is appointed as a proxy by his/her CPF Agent Bank or SRS Operator; or (iii) by the shareholder, or the CPF or SRS investor, appointing the Chairman of the Meeting as proxy to vote on his/her/its behalf at the Annual General Meeting,

are set out in the accompanying Company's announcement dated 29 March 2023. This announcement may be accessed at the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Members are reminded to check the Company's website or the SGX website for the latest updates on the status of the Annual General Meeting, in case the Company may be required to change its arrangements for the Annual General Meeting at short notice.

4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 18 April 2023**.

5. A proxy need not be a member of the Company.
6. The instrument appointing a proxy(ies) 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:
 - (i) via email to the Company's Polling Agent at yeosagm2023@boardroomlimited.com; or
 - (ii) via the pre-registration website for the Annual General Meeting which is accessible at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>,

in each case, by **4.00 p.m. on 25 April 2023**, being not less than 72 hours before the time appointed for the holding of the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

7. The Annual Report for the financial year ended 31 December 2022 ("Annual Report 2022") and the Letter to Shareholders dated 29 March 2023 in relation to the proposed renewal of the share purchase mandate ("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 Annual Report 2022 may be accessed at the above URL by clicking on the image of the cover of the Annual Report 2022 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 2023" under the section titled "LETTER TO SHAREHOLDERS".

These documents may also be accessed at the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of these documents will not be sent to members.

8. Any reference to a time of day is made by reference to Singapore time.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) 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 proxies and representatives appointed 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 (collectively, the "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Books Closure:

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2023 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 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 up to 5.00 p.m. on 9 May 2023 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 9 May 2023 will rank for the proposed final dividend.

Subject to shareholders' approval at the Sixty-seventh Annual General Meeting to be held on 28 April 2023, the payment of the final dividend of \$0.02 per Share will be made on 23 June 2023.

Additional information relating to items of Ordinary and Special Business:

Item 4(a) – Mr Sitoh Yih Pin, who is an Independent & Non-Executive Director, and Mr William Peter Adamopoulos, who is a Non-Independent & Non-Executive Director, also retire by rotation pursuant to articles 94 and 95 of the Constitution and, although eligible, have indicated that they are not offering themselves for re-election. Mr Sitoh's and Mr Adamopoulos' retirement from the Board will take effect upon the conclusion of the Annual General Meeting. Upon Mr Sitoh's retirement, he will cease to be the Chairman of the Nominating Committee and a member of the Remuneration Committee. Upon Mr Adamopoulos' retirement, he will cease to be a member of the Nominating 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 the 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 2022 for more information on Mr Ng Win Kong Daryl.

Ordinary Resolution 5 – Mr Ong Kay Eng, who was appointed as a Director on 15 July 2022, 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 Ong Kay Eng, who is an Independent & Non-Executive Director, will continue to serve as the Lead Independent Director, Chairman of the Audit & Risk Committee and 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 2022 for more information on Mr Ong Kay Eng.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 6 – Mr Leung Yu Hin Eugene, who was appointed as a Director on 11 November 2022, 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 Leung Yu Hin Eugene, who is a Non-Independent & Non-Executive Director, will continue to serve as a member of each of the Nominating Committee, Audit & Risk Committee and 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 2022 for more information on Mr Leung Yu Hin Eugene.

Ordinary Resolution 8 – 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) 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 1 March 2023, the Company did not have treasury shares or subsidiary holdings.

Ordinary Resolution 9 – 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 60,288,169 shares on 1 March 2023 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 2022 and certain assumptions, are set out in Paragraph 2.7 of the Company's Letter to Shareholders dated 29 March 2023.

Ordinary Resolution 10 – If passed, will empower the Directors to grant options and/or awards under the Yeo Hiap Seng Limited Share Incentive Plan (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 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.

Ordinary Resolution 11 – If passed, will authorise the Directors to issue shares of 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.

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ng Win Kong Daryl
Date of appointment	13 June 2018
Date of last re-appointment (if applicable)	29 April 2021
Age	44
Country of principal residence	Hong Kong
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.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (eg. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Chairman • Non-Independent & Non-Executive Director
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 Hong Kong University of Science and Technology and Hong Kong Metropolitan University.
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>
Shareholding interest in the listed issuer and its subsidiaries	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ng Win Kong Daryl
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.
Conflict of interest (including any competing business)		Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer		Yes
Other principal commitments including directorships: Past (for the last 5 years)		Nil
Present		<ul style="list-style-type: none"> Deputy Chairman of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited; Non-Executive Director of The Bank of East Asia, Limited
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ng Win Kong Daryl
(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
(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
(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
(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
(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
(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

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ng Win Kong Daryl
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>
<p>(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?</p>	<p>No</p>

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Kay Eng	Leung Yu Hin Eugene
Date of appointment	15 July 2022	11 November 2022
Date of last re-appointment (if applicable)	Not Applicable	Not Applicable
Age	76	45
Country of principal residence	Singapore	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	At the recommendation of the Nominating Committee which has reviewed the qualifications and experience of Mr Ong Kay Eng, the Board of Directors approved the appointment of Mr Ong as an Independent & Non-Executive Director in view of his extensive experience in banking and finance being a veteran banker over 43 years.	At the recommendation of the Nominating Committee which has reviewed the qualifications and experience of Mr Leung Yu Hin Eugene, the Board of Directors approved the appointment of Mr Leung as a Non-Independent & Non-Executive Director in view of his extensive experience in investment and banking.
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"> • Independent & Non-Executive Director • Lead Independent Director • Chairman of Audit & Risk Committee • Member of Nominating Committee 	<ul style="list-style-type: none"> • Non-Independent & Non-Executive Director • Member of Audit & Risk Committee • Member of Nominating Committee • Member of Remuneration Committee
Professional qualifications	The Gilbert Lectures on Banking	<ul style="list-style-type: none"> i. Bachelor of Science degree in Computer and Accounting ii. Master's Degree of Science degree in Investment Management – CASS Business School, United Kingdom

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Kay Eng	Leung Yu Hin Eugene
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • 2017 – Present: Independent Non-Executive Director of EnGro Corporation Limited (publicly listed on the SGX Mainboard) • 2011 – Present: Independent Non-Executive Director of Sino Land Company Limited (publicly listed on Hong Kong Stock Exchange) • 2005 – Present: Independent Non-Executive Director of Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited (both publicly listed on Hong Kong Stock Exchange) 	<ul style="list-style-type: none"> • 2022 – Present: Head of Watten Ventures, Watten Ventures Limited • 2015 – 2022: Investment Director, Baynard Limited • 2010 – 2015: Vice President, Morgan Stanley Asia International Ltd
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	Nil	Mr Leung is employed as the Head of Watten Ventures which is the family office entity owned by the Ng Family.
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)	Altrade Investments Pte Ltd (struck off)	Committee Member of Hong Kong Trade Development Council Belt and Road Committee

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ong Kay Eng	Leung Yu Hin Eugene
Present		<ul style="list-style-type: none"> • Independent & Non-Executive Director of: <ul style="list-style-type: none"> – Sino Land Company Limited, – Tsim Sha Tsui Properties Limited, – Sino Hotels (Holdings) Limited, and – EnGro Corporation Limited 	<ul style="list-style-type: none"> i. Director of Hong Kong United Youth Association ii. Special invited Council Member of Greater Bay Area Homeland Youth Community Foundation
(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
(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

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ong Kay Eng	Leung Yu Hin Eugene
(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
(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

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Ong Kay Eng	Leung Yu Hin Eugene
(j)	<p>Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>
(k)	<p>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?</p>	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 a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2023.

IMPORTANT

- 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 dated 29 March 2023 and this Proxy Form will not be sent to members. Instead, these documents 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/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- As the Annual General Meeting will be conducted in an electronic format, shareholders, including CPF and SRS investors, will not be able to attend the Annual General Meeting in person. Alternative arrangements relating to (a) attendance at the Annual General Meeting by shareholders, including CPF and SRS investors, via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream); (b) submission of questions to the Chairman of the Meeting by shareholders, including CPF and SRS investors, in advance of, or "live" at, the Annual General Meeting, and addressing of substantial and relevant questions in advance of, or "live" at, the Annual General Meeting; and (c) voting at the Annual General Meeting (i) "live" by the shareholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; (ii) "live" by the CPF or SRS investor via electronic means if he/she is appointed as a proxy by his/her CPF Agent Bank or SRS Operator; or (iii) by the shareholder, or the CPF or SRS investor, appointing the Chairman of the Meeting as proxy to vote on his/her/its behalf at the Annual General Meeting, are set out in the accompanying Company's announcement dated 29 March 2023. This announcement may be accessed at the Company's website at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- A member who wishes to appoint a proxy(ies) (other than the Chairman of the Meeting) to attend, speak and vote on his/her/its behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register his/her/its proxy(ies) at the pre-registration website which is accessible at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/> by **4.00 p.m. on 25 April 2023**.
- This Proxy Form is for use by members wishing to appoint a proxy(ies) for the AGM. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).**
- This Proxy Form is not valid for use, and shall be ineffective for all intents and purposes if used or purported to be used, by CPF and SRS investors. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 18 April 2023**.

I/We (Name) _____ (NRIC/Passport No./UEN) _____

of (Address) _____

being a member/members of Yeo Hiap Seng Limited (the "Company") hereby appoint:

Name	Email Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%
and/or (delete as appropriate)				

or if no person is named in the above boxes, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and vote for me/us and on my/our behalf, at the Sixty-seventh Annual General Meeting of the Company to be convened and held by way of electronic means on Friday, 28 April 2023 at 4.00 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 Ong Kay Eng as Director			
Ordinary Resolution 6	Re-election of Mr Leung Yu Hin Eugene as Director			
Ordinary Resolution 7	Re-appointment of KPMG LLP as Auditors and authority for the Directors to fix their remuneration			
Special Business				
Ordinary Resolution 8	Approval of Share Issue Mandate			
Ordinary Resolution 9	Approval of renewal of Share Purchase Mandate			
Ordinary Resolution 10	Approval of issue of shares pursuant to the Yeo Hiap Seng Limited Share Incentive Plan			
Ordinary Resolution 11	Approval of issue of shares pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme			

* Voting will be conducted by poll. If you wish your proxy/proxies 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 your proxy/proxies 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 your proxy/proxies is/are 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 proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the Annual General Meeting.

Dated this _____ day of _____ 2023.

Total number of shares held

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes to Proxy Form:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

2. A proxy need not be a member of the Company.
3. 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 will be deemed to relate to all the shares held by the member.
4. The instrument appointing a proxy(ies) 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:
 - (i) via email to the Company's Polling Agent at yeosagm2023@boardroomlimited.com; or
 - (ii) via the pre-registration website for the Annual General Meeting which is accessible at the URL <https://www.yeos.com.sg/investor-relations/agm-updates/>,

in each case, by **4.00 p.m. on 25 April 2023**, being not less than 72 hours before the time appointed for the holding of the Annual General Meeting.

A member who wishes to submit an instrument appointing a proxy(ies) using this Proxy Form must first download a copy of the Proxy Form from the Company's website or the SGX website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and submitting it via email to the email address provided above or via the pre-registration website which is accessible at the URL provided above.

5. The instrument appointing a proxy(ies) must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) 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.
6. Where the instrument appointing a proxy(ies) 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 instrument appointing a proxy(ies) is submitted by post, be lodged with the instrument, or if the instrument appointing a proxy(ies) is submitted electronically via email or via the pre-registration website, be emailed, or uploaded with the instrument, failing which the instrument may be treated as invalid.
7. Any reference to a time of day is made by reference to Singapore time.

General

The Company shall be entitled to reject an instrument appointing a proxy(ies) 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 instrument appointing a proxy(ies) (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy(ies) if the member, being the appointor, is not shown to have shares entered against his/her/its 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.

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Since 1900

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(Company Registration No.: 195500138Z)

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