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Tue, September 15, 2009, Singapore

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**Singapore Companies**  
 Published September 15, 2009

## Youcan's Hanzhou unit leases factory partly owned by CEO

By VEN SREENIVASAN

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KLCI	1,206.38	+3.02
HSI	20,866.37	-65.83
NIKKEI	10,223.47	+21.41

**US Indices**

Dow	9,626.80	+21.39
Nasdaq	2,091.78	+10.88
S&P	1,049.34	+6.61

Monday Closing

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LISTED ice cream and frozen food maker Youcan Foods International Ltd's Hanzhou unit is leasing a factory property partially owned by its executive chairman and chief executive, Dai Tianrong, for its subsidiary Youcan Hangzhou.

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Mr Dai: His proposal to sell the land and development rights of YK Holdings to Youcan Hangzhou was rejected by shareholders four months ago

The deal to lease the property from YK Holdings comes just four months after shareholders rejected the company's bid to buy the property, citing potential conflict of interest.

Mr Dai controls 51 per cent of YK Holdings, and 44 per cent of listed Youcan.

Youcan had earlier announced that Youcan Hangzhou faced the possibility of its land being compulsorily acquired by the government of China.

It said yesterday that the aggregate rental consideration of 15 million yuan (S\$3.1 million) for the lease was arrived at following independent valuation by **Robert Khan & Co Pte Ltd**. The lease runs from Sept 11, 2009, to Sept 30, 2010.

It added that fair market rental value for the property was 21.7 million yuan based on 'cost method', and 19.9 million yuan based on 'market approach'

The latest audited consolidated net tangible assets of Youcan at Dec 31, 2008, was about 141.5 million yuan.

The company said: 'Although the rental consideration exceeds 5 per cent of the group's latest audited consolidated NTA, the terms of the lease fall under Rule 916(1) of the Listing Manual for the following reasons: (i) the duration of the lease does not exceed 3 years; (ii) the rental consideration is supported by independent valuation.'

Four months ago, Youcan shareholders rejected a proposal by Mr Dai to sell the land and development rights of YK Holdings to Youcan Hangzhou.

Shareholders were opposed to Mr Dai being paid the 51 million yuan in Youcan shares.

'For a CEO buying his own piece of land to put into his own company in exchange for shares at a depressed price is questionable,' said one shareholder who asked not to be identified.

But the company insisted that its Hangzhou unit was in desperate need of a new facility in the face of potential government land acquisition, and said that the valuation was done at arms length by independent valuers.

Also the payment via shares would have helped the company maintain its cash, it said.

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**Singapore Companies**  
Published September 18, 2009

## Youcan key execs to take 16.6% stake

### Move aimed at aligning execs' long-term interests with the group's

By JOYCE HOOI

YOUCAN Foods International will be issuing 39.65 million new shares to three senior executives to give them a stake of 16.6 per cent in the company.

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New shares: The net proceeds of about \$4.36 million from the proposed issue will be used as working capital

The shares for its group chief financial officer and a key subsidiary's general manager and chief investment officer are priced at 11 cents each, at a premium of about 10 per cent to the volume weighted average price of 10 cents for trades done on Tuesday. Share trading, which was halted on Wednesday, resumed at 4 pm yesterday. No trades were done.

The ice cream and frozen foods company will be issuing the bulk of the new shares - 27.49 million shares - to Wu Jianguo, the general manager of Youcan Foods (Hangzhou) Co Ltd, a key subsidiary.

Another 7.78 million shares will go to Lu Xiaowen, the subsidiary's chief investment officer, and 4.38 million shares to Jong Voon Hoo, the group's chief financial officer.

Youcan said the move was meant to align the three executives' long-term interests with the group's long-term growth and profitability.

The net proceeds of about \$4.36 million will be used as working capital.

The proposed issue is subject to Singapore Exchange approval for the listing of the new shares.

On Tuesday, Youcan announced that it had agreed to lease a factory property that is partially owned by Dai Tianrong - Youcan's executive chairman and chief executive - for its subsidiary. The agreement had been made with YK Holdings, a firm in which Mr Dai has a 51 per cent stake.

The aggregate rental consideration for the property was 15 million yuan (S\$3.1 million), and had been arrived at through an independent valuation by [Robert Khan & Co Pte Ltd](#).

Four months earlier, shareholders had rejected the firm's bid to buy the property, based on concerns about conflict of interest. Prior to that, YC

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ST Index (Real-time)

2,686.63 ▲1.00

Wed, Sep 23, 2009,

15:41

#### Regional Indices

KLCI	1,224.09	+2.89
HSI	21,608.26	-92.88
NIKKEI	closed	

#### US Indices

Dow	9,829.87	+51.01
Nasdaq	2,146.30	+8.26
S&P	1,071.66	+7.00

Tuesday Closing

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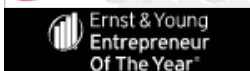




Hangzhou had faced the prospect of having its land being compulsorily acquired by the government of China, according to Youcan.



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**Singapore Companies**  
Published October 9, 2009

## Audit panel backs lease move: Youcan

### Market Report

ST Index (Real-time)

2,678.00 ▲25.49

Mon, Oct 12, 2009,

### Regional Indices

KLCI	1,233.74	-0.08
HSI	21,299.35	-200.09
NIKKEI	closed	

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YOUCAN Foods International's 15 million yuan (S\$3 million) rental lease for a factory partly owned by its chief executive has won the backing of its audit committee.

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Last month, Youcan said it had agreed to lease a factory property that is partially owned by Dai Tianrong, Youcan's executive chairman and chief executive.

The agreement followed shareholders' rejection five months back of Youcan's proposed acquisition of the property as they perceived it as a potential conflict of interest.

Youcan said yesterday that the audit committee was satisfied that the short-term lease was on normal commercial terms and was not prejudicial to the company and the minority shareholders.

The rental consideration was supported by an independent valuation report, Youcan said, adding that the independent directors had also visited the property twice - in middle 2008 and last month - and found it to be better equipped than the company's current factory premises.

The rental - which spans about a year - of 15 million yuan was also lower than the fair market rental of 20 million yuan.

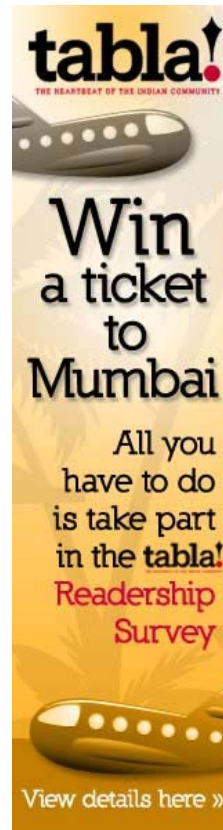
Leasing the property will also allow the group to continue its business if the current factory premises has to be given up at short notice as part of the Chinese authorities' 'compulsory acquisition' of the land. The owner of the current factory, which is now negotiating compensation with the Chinese authorities, expects this to be concluded by June 2010.

Meanwhile, the firm expects to move its frozen food division to the new factory by the end of the year.

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