

**Issuer:** Spindex Industries Limited  
**Security:** Spindex Industries Limited

**Meeting details:**

**Date:** 18 Oct 2016  
**Time:** 02:30 PM  
**Venue:** 6 Neythal Road Singapore 628573

**Company Description**

Spindex Industries Limited, together with its subsidiaries, engages in the manufacture, import, export, and trade of mechanical, electrical, electronic, and precision machine parts, as well as other engineering materials. It provides precision turned parts, such as shafts, mini shafts, sleeves, and other critical components used in a range of applications, including consumer copiers, facsimiles, laser printers, inkjet printers, scanners, multi-function centers, commercial printers, commercial offset printers, etc. The company also offers various components used in automotive sensor assemblies, throttle mechanisms, and gear shafts that are used in brakes, drive systems, and industrial tools. In addition, it provides mini fasteners, transmission shafts, and bearing shafts for use in bicycles, fishing rods, washers, and irons. Spindex Industries Limited serves MNC customers operating in imaging and printing, domestic appliances, consumer electronics, data storage, machinery, automotive systems, and telecommunications sectors. It operates in the People's Republic of China, Singapore and other ASEAN countries, the United States, Europe, and internationally. The company was founded in 1981 and is headquartered in Singapore.

**Source:** [http://sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?page=1&code=564&lang=en-us](http://sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?page=1&code=564&lang=en-us)

1. The turnover from the “Machinery and Automotive systems” segment has grown from \$22.0 million in FY2010 to \$59.7 million in FY2016. Segment profit has increased from \$3.1 million to \$13.2 million over the same period. **Can management help shareholders understand the future growth potential? Would the “localisation” strategy (page 3 - Chairman’s Statement) be the key to growing this segment further? Which are the possible key geographical markets for the group to enter?**

While the Imaging & Printing segment has been stable since FY2011, the jump in revenue and segment profit for FY2015 could not be sustained and the FY2016 performance is in line with the performance from FY2011 to FY2014. **Looking forward, how sustainable are the turnover and profit for the “Imaging & Printing” segment?**

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Turnover of Imaging & Printing (\$'000)	41,418	34,300	32,173	31,669	33,331	36,242	32,765
Segment profit (\$'000)	9,803	6,790	6,325	6,833	7,952	8,656	7,155

Source: Spindex Annual Reports (FY2011-FY2016)

2. In the Chairman’s Statement (page 2), it was disclosed that “our efforts to improve the Group’s competitiveness through optimisation of resource allocation led to a provision of \$1.5 million for restructuring costs”. It was also disclosed that the restructuring was “to improve production efficiency and cost effectiveness” and to “allocate resources more productively at locations that are well suited to support our customers”. **Can management elaborate further on the nature of this restructuring cost? Was it due to the shutting down of plants and/or retrenchment benefits? Would there be more of such restructuring costs in the near future?**

3. Would the nominating committee re-consider the composition of the board in view of the guidelines in the Code of Corporate Governance (“CG Code”)? In particular, please provide further justification of the following:

- **Composition of the Remuneration Committee:** Guideline 7.1 of the CG Code recommends that “all of the members of the RC should be non executive directors”. Shareholders note that Mr Tan Choo Pie @ Tan Chang Chai, being the executive chairman of the board and also the father of the managing director, also sits on the remuneration committee.

- **Composition of the Audit Committee:** Guideline 12.1 of the CG Code recommends that “all of the members of the AC should be non-executive directors”. Currently, an executive director (Mr Chen Chang Rong) is a member of the audit committee. In the Corporate Governance Report (page 17), the board states that it “considers that it is not necessary for the time being, for all three members of the AC to be Independent Directors”. **Could the AC/board explain this fully? Could the NC/board justify its opinion that the members of the AC have “sufficient expertise and experience” to discharge their duties when none of the three members of the AC have direct and relevant experience in accounting?**

- **Long tenured and busy director:** Mr Chew Heng Ching has served as independent director for eighteen years since 1998. **Can the board describe fully the rigorous review of Mr Chew’s independence status (page 11)? Would this rigorous review be conducted yearly?** In addition, Mr Chew has also been appointed as the lead independent director of the Company. **Can Mr Chew let shareholders know how much time and attention does he devote to the affairs of the company** given that he also sits on multiple boards and board committees (including Audit Committee chair) on other SGX-listed companies such as Huan Hsin Holdings Ltd, Ausgroup Limited, Pharmesis International Ltd, Sinopipe Holdings Limited and The Stratech Group Ltd?