

Issuer: Shinvest Holding Ltd.

Security: Shinvest Holding Ltd.

Meeting details:

Date: 29 December 2016

Time: 10:00a.m.

Venue: RELC International Hotel, Room 507, Level 5, 30 Orange Grove Road (off Orchard Road), Singapore 258352

Company Description

Shinvest Holding Ltd., manufactures and sells high precision components and electromechanical assemblies primarily for the semiconductor equipment manufacturers, as well as for aerospace, medical, and automotive industries in Singapore and internationally. It also provides fasteners; wireless connectivity chipsets and software solutions for tablets, TV boxes, and Internet of Things, as well as for as well as wearable electronics applications; and hole drilling and turnkey manufacturing services to oilfield service companies. The company was formerly known as Eastgate Technology Ltd. and changed its name to Shinvest Holding Ltd. in October 2015. Shinvest Holding Ltd. was incorporated in 1989 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BJW)

Q1. The group has undergone a corporate restructuring in 2009 and have since then acquired Sin Hong Hardware in 2010, a 54.34% stake in GD Tech (H.K) in June 2011, a 10% stake in Espressif Group in May 2014 and a 51% interest in Focal Oilfield Solutions in August 2014.

- a) **Can shareholders get an update on the strategic direction of the group post-restructuring?**
- b) **Are the various subsidiaries synergistic to one another or are they acquired on a standalone basis?**
- c) **Has the board deliberated if the group should only make acquisitions that leverage on its current core businesses and not diversify too broadly?**
- d) **Can the management/board help shareholders understand the rational of a 10% non-control investment in Espressif Group? Espressif is a fabless semiconductor design group. Are there qualified and experienced professionals in the group to assess the performance and provide oversight of Espressif? What is the assessment of Espressif's performance since the \$4.1 million investment (recognised as an available-for-sale financial asset) was made in 2014?**

Q2. In the Chairman's Statement (page 2 of the annual report), it was noted that the gross profit margin declined to 19.4% in 2016 from 24.0% in 2015. The gross margin in the precision manufacturing segment shrunk from 3.1% to 15.3% and while the retail, OEM and export segment reported a margin of 29.0%, after a drop of 4.4%. Segmental profit for export was \$68,000 while the other three segments reported losses ranging from (\$0.318) million to (\$0.475) million for the financial year.

- a) **What are management's plans to mitigate the intense competition and the margin erosion to ensure that the group returns to profitability?**
- b) **Given the group's scale and current capabilities, can management/board share its assessment of the long term prospect of the business segments, especially in the precision manufacturing segment?**
- c) **The profits attributable to owners of the company have been negative for the past two years despite the group reporting a slight consolidated profit for the group in the past financial year. The accumulated losses in the consolidated statement of changes in equity are (\$2.9) million. Shareholders note that the all the executive directors and all but one key executive received bonuses. The percentage of remuneration marked as bonus for all the executive directors and two of the key executive increased in 2016 despite the group going into losses. What are the operational and financial targets set by the board for management to achieve?**

Q3. Guideline 9.4 of the Code of Corporate Governance states that:

For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO.

Mr. Teo Eng Shing and Mr. Teo Eng Hwee are identified as key executives (who are not directors or the managing director) and received remuneration packages of “S\$250,000 to S\$500,000” and “Below S\$250,000” respectively. Separately, Mr. Teo Wei Jun, Jerick was disclosed as an “interested person” in the disclosure of “interested persons transactions” on page 18.

In the disclosure on remuneration (page 16), it was stated that “there were no employees who are immediate family members of a director or the managing director whose remuneration exceeded S\$50,000”.

- a) **Can the board confirm that Mr. Teo Eng Shing and Mr. Teo Eng Hwee are not related to Mr. Teo Cher Cheong (Executive Charmian), Mr. Teo Teck Leong (Managing Director) or Mr. Teo Eng Thian (Executive Director)?**

- b) **Can the board also confirm that Mr. Teo Wei Jun, Jerick is not related to Mr. Teo Cher Cheong (Executive Charmian), Mr. Teo Teck Leong (Managing Director) or Mr. Teo Eng Thian (Executive Director) or that his remuneration does not exceed S\$50,000 for the financial year?**