

Issuer: Informatics Education Ltd.

Security: Informatics Education Ltd.

Meeting details:

Date: 27 July 2017

Time: 2.00 p.m.

Venue: Mercure Singapore Bugis, Queen III, Level 2, 122 Middle Road, Singapore 188973

Company Description

Informatics Education Ltd, an investment holding company, franchises and licenses computer and commercial training centers, and examination facilitators in Singapore, the United Kingdom, the Asia Pacific, and internationally. The company operates through two segments, Higher Education and Corporate Training. The Higher Education segment offers diploma, advanced diploma, degree, and masters qualifications in a range of business, engineering, and technological subjects to college going students and lifelong learners, as well as provides through an online virtual campus. The Corporate Training segment offers training and skills upgrading and enhancement to the general workforce in technical and non-technical areas. The company also offers computer and business education and training services; business management consultancy and child development services; and operation system support services. In addition, it is involved in the operation of e-learning portal that offers e-learning for higher education, corporations, and education services. The company was founded in 1983 and is based in Singapore.

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

Q1. The Group recorded total revenue of \$10.8 million, representing a decline from \$13.0 million in FY 2016. The loss before tax was \$(5.5) million in FY 2017, up from a loss of \$(5.1) million in FY 2016.

As shown in the Consolidated income statement (page 36 of the annual report), employee benefits expense is \$7.9 million or 73% of revenue. Other operating expenses amounted to \$8.6 million or 80% of revenue. It would appear that the cost structure of the group is not appropriate.

- a) **Can management disclose to shareholders the number of students and the enrolment of the group's various programmes?** For an education business, that is an important metric but it is not available in the annual report.
- b) **What is the capacity of the group?**
- c) **Given the continued losses and the high cost structure of the group, would the board consider carrying out a strategic review of the group's operations?**

Q2. The group has a board of 5 directors – Ms Yau Su Peng is the only Executive director of the company. Based on her profile (page 6 - Board of directors), Ms Yau currently holds the position of Director, Retail and Innovation at Berjaya Corporation Berhad and oversees businesses in the sectors of education, marketing, analytics and within the digital space.

- a) **Given the extensive responsibilities of Ms Yau at Berjaya Corporation Berhad, can shareholders understand how Ms Yau divides up her time? Is Ms Yau based in Singapore? If not, how much time does Ms Yau spend in Singapore to attend to matters of the company?**
- b) **As the only Executive director in the company, is Ms Yau the de-facto CEO? If so, would she be responsible for driving the performance of the group?**

The company has not provided the profile of its key management in the annual report. In the Corporate Governance Report (page 22), under the disclosure of the remuneration of the top 5 key management personnel, five names were presented. However, these five names appear nowhere else in the annual report. Shareholders have no visibility at all on the executives responsible for driving the group forward.

Name	Remuneration (\$S)	Fees* (%)	Salary (%)	Performance Bonuses (%)	Other Benefits (%)	Total (%)
Top 5 Key Management Personnel (Non-Directors of the Company)						
Dr Charles Ling Poon Teck	250,000 to <500,000	-	90	-	10	100
Tan Cheng Kang	<250,000	-	100	-	-	100
Melina Yong Mei Lin	<250,000	-	100	-	-	100
Emma Dawkins	<250,000	-	100	-	-	100
Allan Maxwell Norton	<250,000	-	100	-	-	100

(Source: Company annual report)

- c) **Please provide shareholders with the visibility of the team of key management in the group (including their roles, functions and key responsibilities).**

Q3. Mr Ung Gim Sei and Professor Chew Soon Beng @ Teo Soon Beng have both served on the Board for more than ten years from the date of their first appointments. Mr Ung Gim Sei was first appointed to the board on 13 July 2004 and Professor Chew Soon Beng @ Teo Soon Beng was first appointed to the board on 1 March 2006. Accordingly, both directors have served on the board for more than nine years.

The Nominating Committee (comprises Mr Ung Gim Sei (as chairman), Prof Chew Soon Beng @ Teo Soon Beng and Ms Mae Ho Seok Khen) reviews the independence of each director annually.

Notwithstanding that the Board has considered and deemed Mr Ung and Professor Chew to be independent, Guideline 2.4 of the Code of Corporate Governance 2012 calls for the board to “also take into account the need for progressive refreshing of the Board”.

- a) **Can the board provide more detail on its plans to ensure the progressive refreshing of the board?**
- b) **Please also disclose the company’s search and nomination process for new independent directors.**