

Issuer: Fischer Tech Ltd

Security: Fischer Tech Ltd

Meeting details:

Date: 28 July 2017

Time: 3:00 p.m.

Venue: 39 Scotts Road, Sheraton Towers Singapore, Diamond Room, Lower Lobby, Singapore 228230

Company Description

Fischer Tech Ltd, together with its subsidiaries, manufactures and sells precision engineering plastic components for electronic products in China, Singapore, Thailand, and Malaysia. It operates through two segments, High Precision Plastic Injection and Mould Design and Fabrication. The company offers precision plastic injection molds, high precision injection molding, laser marking, and decorative finishing for engineering components of automotive, computer peripherals, healthcare, and consumer product industries. It also develops 2-shot injection molding, thin-wall injection molding, Neo dynium-yttrium aluminum garnet laser marking, in-mold labeling, and cosmetic molding technologies. Fischer Tech Ltd was founded in 1994 and is based in Singapore. Fischer Tech Ltd is a subsidiary of Harmony (S) Holdings Pte Ltd.

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

Q1. The group has acquired 78-79 Hongxi Road, Suzhou New District, Suzhou City, Jiangsu Province in July 2016 for a consideration of RMB 56 million (equivalent to S\$11.37 million). The group has plans to consolidate the current 3 plants in Suzhou to the new location to enhance integration and to harness synergies (page 4 of the annual report).

- a) **What is the timeline for the planned consolidation of operations to the new site at 78-79 Hongxi Road?**
- b) **Will the group be able to avoid disruption to the on-going operations during the consolidation phase?**
- c) **Given the opportunity to set up a new facility, are there plans to further improve the group's operations through better process management, supply chain management or the use of more efficient/advanced machinery? How much more efficient would the new factory be?**
- d) **How much of the Industry 4.0 technologies especially by advanced manufacturing technologies (such as digitalisation, robotics, cloud computing and machine-to-machine (M2M) communications) would be incorporated in the new factory?**

Q2. The group has grown its automotive business quite impressively over the last four years. As disclosed in the "Review of Operations" (page 9), the group has established itself as "a leader in the production of high quality precision plastic components for the automotive industry". Revenue from the automotive segment has grown to 87% of the group's total revenue in 2017.

- a) **While the group taps into the high growth of the automotive industry, can management also share its plans on the computer peripherals sector, consumer electronics sector, and the healthcare/Medtech products? Are there products in the pipeline that look set to be commercialised in the near future?**

After the consolidation and rationalisation of the production facilities in Singapore (following the planned cessation of sales of plastic components to a major customer in the healthcare sector), revenue from Singapore decreased by 36.1% to \$12.3 million, representing just 6.9% of the group's revenue in 2017.

- b) **Given the relatively high-cost structure in Singapore and the recent rationalisation exercise, are there plans to maintain and/or grow the group's production presence in Singapore?**

Q3. The company has two independent directors, namely Mr Ng Boon Yew and Mr Moy Kok Leng, James, who were appointed to the board on 18 June 2001 and 2 January 2003 respectively (page 22).

Accordingly, both directors have served on the board for more than nine years.

The Nominating Committee (comprises Ng Boon Yew as (chairman), Moy Kok Leng, James and Foo Meng Tong¹), together with the board, after due consideration and careful assessment, are of the view that "Mr Ng Boon Yew and Mr Moy Kok Leng, James remain independent" (page 20). Notwithstanding that, 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.**

¹ with each of them (being Mr Ng Boon Yew and Mr Moy Kok Leng, James) abstaining from discussion and deliberation on their independence