

Issuer: International Press Softcom Limited
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Meeting details:

Date: 26 April 2018

Time: 9:00 a.m.

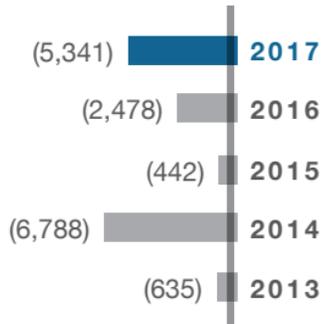
Venue: 26 Kallang Avenue, Conference Room, Level 2 International Press Building, Singapore 339417

Company Description

International Press Softcom Limited, together with its subsidiaries, engages in the supply chain solutions, print and media products, and packaging and software replication businesses. The company's Supply Chain Management segment provides supply chain solutions; and print and media products, including material procurement, inventory management, logistics management, software replication, and order fulfillment. Its Investment Holdings segment holds quoted and unquoted investments. The company's Computer Systems Integration and Consultation Services segment focuses on mobile contents, which include digital product shelf displays and other related activities. The company also assembles software packages and peripherals, printed materials, compact discs (CD), and diskettes; and manufactures and duplicates diskettes and CDs, as well as distributes and sells computer related products. In addition, it manufactures and distributes electronic and telecommunication goods; and computer software, hardware, and peripherals; packaging boxes; and paper boxes and plastic products, as well as provides other related technical, consulting, and aftersales services, and offset printing and packaging services. Further, the company sells electronic products, printers and related accessories, paper products, packing materials, office appliances, hardware tools, and domestic appliances; imports, exports, and whole sales electronic components and equipment; and provides supporting services. Additionally, it establishes, purchases, and carries general merchants business; and supplies prepacked computer software and hardware products. It operates primarily in Singapore, Malaysia, India, Australia, Vietnam, and the People's Republic of China. The company was founded in 1968 and is headquartered in Singapore. International Press Softcom Limited is a subsidiary of International Press Holdings Pte Ltd. (Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=571)

Q1. Revenue in 2017 dropped to \$32.8 million, the lowest level in the past 5 years. As shown in the Financial Highlights (page 8 of the annual report), the profit/(loss) profile in the past 5 years is shown below:

Loss Attributable to Owners of the Company (S\$'000)



Loss Per Share (cents)



(Source: Company annual report)

In the Founder's Statement, the following achievements and set-backs were highlighted:

- Revenue contracted 13.4%, year-on-year to S\$32.8 million for FY2017
- Losses of S\$5.4 million, an increase from S\$2.7 million in the year before
- Cessation of a supply chain project to a major customer in May 2016 and weaker performance in the existing supply chain management segment
- Operations in Australia was downsized
- Turnover from operations in Singapore fell 62.8%; turnover from operations in Australia fell 48.3%
- Turnover from operations in Vietnam increased 22.4% yoy; turnover from operations in Malaysia increased 7.3%

Although cash and bank balance dropped by half to \$4.0 million as at 31 December 2017, the group is still supported by its resilient balance sheet with equity amounting to \$44.6 million.

Given that board was reconstituted on 5 January 2018 with Mr Tiong Choon Hieng Steven assuming the chairmanship of the company, would the board consider it opportune to carry out a strategic review to reassess the group's long term growth plans, the threats and opportunities arising from digitalisation and evaluate how the group can leverage on its human capital and strong financial position to create long term value for all shareholders?

Q2. The remuneration of the executive directors is shown on page 19 in the Corporate Governance Statement.

As seen in the table below, the executive directors received a remuneration package that included variable remuneration (consisting of bonus, benefits in kinds & profit sharing award) ranging from 13% to 34% when the group reported a loss of \$(5.3) million. In 2016, the range was from 18% to 29%.

Directors' Remuneration (cont'd)

	Directors' Fees*	Percentage of Variable Remuneration (consists of bonus, benefits in kinds & profit sharing award)	Percentage of Fixed Remuneration (consists of directors' fees, salary, allowance and contributions to central provident fund scheme)
S\$250,001 to S\$500,000			
Low Ka Choon Kevin ¹	35,000	14.1	85.9
S\$250,000 and below			
Low Song Take ¹	40,000	21.5	78.5
Woo Khai Chong	35,000	33.5	66.5
Woo Khai San	35,000	13.2	86.8
Loh Yih	40,000	–	100.0
Tiong Choon Hieng Steven	40,000	–	100.0
Neo Gim Kiong	40,000	–	100.0

* The remuneration in the form of directors' fees are subject to the approval of the shareholders at the forthcoming AGM.

¹ Mr Low Ka Choon Kevin is the son of Mr Low Song Take.

(Source: Company annual report)

- a) **Can the company provide a further breakdown to show the bonus, benefits in kind and profit sharing components individually?**
- b) **Can the remuneration committee (RC) help shareholders understand if the award and quantum of the variable remuneration are linked to the group's and the individual's performance?**

Disclosure on Remuneration (cont'd)

The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (Profit sharing scheme)
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Current market and industry practices
Quantitative	1. Return to profitability	1. PBT/PAT to be positive

(Source: Company annual report)

- c) **What is the weightage of the qualitative and quantitative performance conditions (page 18)?**
- d) **Can the RC explain how it had measured, benchmarked and assessed the qualitative performance conditions in an objective manner?**

Q3. The key information of the directors is set out on page 14 and reproduced below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Present Directorships in Listed Companies	Past 3 years Directorships in Listed Companies	Other Principal Commitments, if any
Tiong Choon Hieng Steven (Independent Non-Executive Chairman)	18/12/2002	27/04/2016	-	-	-
Woo Khai Chong (Vice Chairman)	19/08/1991	27/04/2016	-	-	-
Low Song Take (Founder and Executive Director)	30/08/1972	27/04/2016	-	-	-
Woo Khai San (ED)	23/06/1999	27/04/2017	-	-	-
Low Ka Choon Kevin (Managing Director/CEO)	23/06/1999	27/04/2017	Sen Yue Holdings Limited	-	-
Loh Yih (ID)	08/06/2012	29/04/2015	i. Ban Leong Technologies Limited ii. Acesian Partners Limited iii. Trek 2000 International Limited	-	i. Managing Partner of MGF Management Pte Ltd; and ii. Group Executive Chairman of Acesian Partners Limited
Neo Gim Kiong (Lead ID)	30/05/2014	27/04/2017	i. Ban Leong Technologies Limited ii. Sen Yue Holdings Limited iii. Astaka Holdings Limited iv. Trek 2000 International Limited	Universal Resources and Services Limited	i. Founding director of Bizmen Corporation and Dollar Tree Inc Pte. Ltd ii. Executive Director and Chief Executive Officer of Sen Yue Holdings Limited

(Source: Company annual report)

It is noted that there are close links among the independent directors, Mr Loh Yih and Mr Neo Gim Kiong and the Managing Director/CEO Mr Low Ka Choon Kevin.

In Sen Yue Holdings, Mr Neo Gim Kiong is the Executive director and CEO while Mr Low Ka Choon Kevin sits as the ID in Sen Yue.

In addition, the two above-mentioned IDs sit on the boards of Ban Leong Technology Limited and Trek 200 International Limited.

- a) **Is the nominating committee (NC) satisfied that there is a strong diversity of expertise, experience and skill-set on the board?**
- b) **How does the NC and the board guard against group-think on the board, given that the directors are closely linked and sit on other boards as well?**
- c) **Would the group benefit from having directors with greater diversity and stronger independence element?**