



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Jubilee Industries Holdings Ltd.

Security: Jubilee Industries Holdings Ltd.

Meeting details:

Date: 26 July 2018

Time: 10.00 a.m.

Venue: 10 Ubi Crescent, #02-07 Ubi Techpark Lobby A, Singapore 408564

Company Description

Jubilee Industries Holdings Ltd., an investment holding company, provides precision plastic injection molding (PPIM), precision plastic injection mold design and fabrication (MDF), and value-added services. It operates through PPIM, MDF, and Electronic Components Distribution segments. The PPIM segment offers single-shot, double-shot, vertical, insert, and gas-assisted molding services; and value-added services for plastic decorative purposes, such as laser etching, ultrasonic welding, heat staking, printing, polishing, and sub-assembly services. The MDF segment produces plastic injection molds for consumer electronics, household appliances, automotive, and computer peripherals, as well as designs and fabricates intricate precision plastic injection molds. This segment also builds complex engineering tools for customers in the medical and automotive industry. The Electronic Components Distribution segment distributes memory devices, radio frequency modules, power management integrated circuits, microcontrollers, transistors, mosfets, capacitors, inductors, resistors, crystals, oscillators, and connectors, as well as provides high end industrial power solutions and design-in services. This segment serves original design manufacturers, original equipment manufacturers, and electronics manufacturers. Jubilee Industries Holdings Ltd. sells its products in Singapore, the United States, Malaysia, People's Republic of China, Europe, India, Indonesia, Thailand, Vietnam, and internationally. The company was formerly known as JLJ Holdings Limited and changed its name to Jubilee Industries Holdings Ltd. in April 2012. Jubilee Industries Holdings Ltd. was founded in 1993 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=50S)

1. Would the board/management provide better clarity to the group's operational and financial matters? Specifically:

- (i) **Electronics Business Unit (“EBU”):** Gross margin for EBU declined from 5.2% in FY2017 to 4.3% in FY2018 “due to the impact of fluctuating foreign exchange rates on the cost of goods sold.” **Would management help shareholders understand the impact of the foreign exchange? What would have been the gross profit margin excluding the impact of foreign exchange? How does management plan to mitigate/reduce the foreign currency?** The group had also disclosed that the “strong USD brought a favourable impact to the group” (page 9 – Operations and financial review)
- (ii) **Precision Plastic Injection Moulding (“PPIM”):** The group's PPIM segment suffered losses for three years from FY15- FY17 before turning around this year. The group is set to quadruple its plastic injection moulding capacity with the addition of 32 moulding machines in Johor Bahru and through the proposed acquisition of Honfoong Plastic Industries Pte. Ltd. that will add 91 machines in Batam, Indonesia. **How much visibility is there of the sales from customers in PPIM? Is it prudent for the group to scale up its capacity so aggressively in such a short time?**

2. With regard to the group's investment in EG Industries Berhad, the group stated the following in the 2018 Annual report:

In line with the Group's growth strategy towards vertically integrating its product lines and strategic alliances, Jubilee increased its stake in EG Industries Berhad (“EG Industries”) to 13.46% as at 31 March 2018 [...]Furthermore, the increase in available-for-sale financial assets was in relation to the purchase and subscription of redeemable and convertible preference shares in the Group's associated company, EG Industries Berhad.

In FY2015, the company held a 30.49% stake in EG Industries. As EG Industries carried out a rights and warrants exercise which the company did not participate in, the ownership interest was diluted from 30.49% to 11.80%. The group also recognised a loss on dilution of investment in associated company of \$(13.6) million (non-cash).

- (i) **Can the board/management help shareholders understand the group's capital allocation policy?**
- (ii) **Specifically, in relation to the rights and warrants exercise by EG Industries, what were the efforts by the group to protect the interests from the dilutive effect of the rights and warrants exercise?**
- (iii) **What are the roles and responsibilities of the board, especially independent directors, with regard to the group's major and strategic investments?**

- (iv) What are the circumstances that led the group to increase its stake in EG Industries in the financial year?
- (v) Can the board/management explain in greater detail if it is prudent to use short term financing (share margin loans) for its investment in EG Industries (which is a strategic investment)?

3. The attendance of directors at board and board committee is shown in the company's Corporate Governance Report (page 19) and reproduced below:

Details of the number of Board and Board Committees meetings held in the financial year under review and the attendance of each Board member at such meetings are as follows: -

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Terence Tea Yeok Kian	4	4	4	4	4	4	4	4
Mr Cheong Keng Chuan, Alfred	4	4	4	4	4	4	4	4
Mr Ng Siew Hoong, Linus	4	3	4	4	4	3	4	3

(Source: Company annual report)

- (i) Would Mr Ng Siew Hoong, Linus help shareholders understand if there were extenuating circumstances that led him to miss the board meeting and the board committee meetings?
- (ii) Given the board size of three, the absence of a director would mean that board meetings and board committee meetings were carried out between two directors. Can the nominating committee (NC) help shareholders understand if such meetings held between two directors were effective? Were the discussions robust and were the matters given sufficient input from the independent directors?
- (iii) As directors are allowed to attend board meetings through audio communication under the company's Constitution, did Mr Ng call in to the meeting?
- (iv) How can the company, the company secretary and the directors improve the scheduling of board meetings so that the attendance of all directors can be improved?

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

https://sias.org.sg/index.php?option=com_qannualreports&view=qareports&filter_company=247

The company's response could be found here: -----



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