



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Accrelist Ltd.

Security: Accrelist Ltd.

Meeting details:

Date: 26 July 2018

Time: 2.00 p.m.

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

Company Description

Accrelist Ltd. distributes test equipment for the disk drive industry in Singapore. It operates through three segments: Systems and Equipment Distribution, Commodities and Resource Trading, and Financial Technology. The System and Equipment Distribution segment provides engineering support services from installation, calibration, integration and testing of systems, applications training to maintenance of systems. The Commodities and Resources segment offers supply chain management services for natural materials. The Financial Technology segment provides financial services, such as crowdfunding to enable users to raise funds for their projects and electronic wallet services granting users on an alternate mode of payment. It is also involved in iron ore and coal trading business; and providing petroleum, mining; and prospecting services. The company was formerly known as WE Holdings Ltd. and changed its name to Accrelist Ltd. in November 2016. Accrelist Ltd. was founded in 1986 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5R1)

1. Following the strategic shift to the provision of “Corporate Accretion Services”, the group has disclosed that it has been actively seeking new opportunities and synergistic growth, culminating in several ongoing projects and plans.

The new ventures include:

- WE9Pay: production of point-of-sale terminals for its mobile payment system
- WE9GO: an unmanned store currently under development which will offer advanced “grab-and-go” technology
- WE Crowdfunding: crowdfunding platform
- Refresh Laser Clinics: medical aesthetic services
- AmazingTech Pte. Ltd.: a blockchain IT solutions provider and an online platform developer
- Liaoning Meal Plus Technology Ltd.: development of software and machinery for the food and beverage industry

- (i) Would management elaborate further on how it identifies new opportunities and how it selects new partners?**
- (ii) Would the company further clarify on its strategic direction as some of the proposed ventures do not appear to be synergistic (e.g. medical aesthetic services and the food and beverage industry)?**
- (iii) What is the board’s role in the review and approval of the group’s new ventures?**
- (iv) What is the level of due diligence carried out by the company and by the board prior to investments into these new areas?**
- (v) Given the size and the experience of the management team, would management be able to devote sufficient time and energy to drive the growth of all these ventures?**

2. The attendance of each director at board and board committee meetings is disclosed in the Corporate Governance Report (page 14) and is reproduced below:

The number of Board and Board Committee meetings held during FY2018 and the attendance of each Director, where relevant, are as follows:

	Board	AC	RC	NC
No. of meetings held	5	4	4	5

Name of Director	No. of meetings attended			
Mr Terence Tea Yeok Kian	5	NA	NA	5
Mr Ng Li Yong	5	4	4	5
Mr Wan Tai Foong ¹	1	1	1	NA
Mr Oh Choon Gan ²	2	2	2	2
Mr Lim Yeow Hua @ Lim You Qin ³	3	3	3	3
Mr Liu Song ⁴	0	0	0	NA

(Source: Company annual report)

Footnote 4 states that Mr Liu Song was appointed as a Non-Independent and Non-Executive Director and member of AC and RC on 8 September 2017. He has been kept updated with the Company's business operations via minutes or emails.

- (i) **Would Mr Liu Song help shareholders understand if there were extenuating circumstances that led him to miss all the scheduled board meeting, audit committee meetings and remuneration committee meetings since his appointment on 8 September 2017?**
- (ii) **As the company's constitution allows for the meetings to be convened via teleconferencing or videoconferencing, did Mr Liu Song consider calling in for the meetings?**
- (iii) **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?**

In recommending the re-election or re-appointment of directors, the nominating committee (NC) has stated that it will take into consideration "*the contribution of such Directors to the effectiveness of the Board, their participation and involvement in the Board meetings and Board Committee meetings, qualification and experience as well as their directorships and major appointments in other companies.*" The NC has recommended to the board that Mr Liu Song be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered the directors' overall contribution and performance (page 18).

- (iv) **Would the NC help shareholders understand the basis of its recommendation?**

3. On 8 July **2017**, the company announced that it had made certain material adjustments and reclassifications to the Unaudited results (first announced on 31 May 2017), following the finalisation of the audit.

The material variances were as large as US\$4.998 million in the Statement of comprehensive income and US\$16.0 million in the balance sheet. Following the finalisation of audit, loss before tax was restated from US\$(3.2) million to US\$(6.0) million and total equity was restated down by US\$(4.1) million to US\$29.1 million.

Reasons provided include:

- Reclassification from marketing expenses and additional expenses incurred
- Further accrual for interest of the convertible loan
- Impairment on an associated company of US\$3.6 million
- Currency translation losses of US\$1 million
- Increase in allowance for impairment of trade and other receivables of US\$0.9 million
- Reclassification from other financial liabilities to convertible loan

On 10 July **2018**, the company once again announced that it had made certain material adjustments and reclassifications to the Unaudited results (first announced on 31 May 2018), following the finalisation of the audit.

For FY2018, the reasons provided include:

- Inventories written down to net realisable value
- Bad debts written off for trade and other receivables and allowance for impairment of trade receivables of S\$0.9 million and S\$0.4 million respectively
- Elimination of Interest on convertible loan to Jubilee Industries Holdings Ltd. and intercompany loan amounting to S\$0.2 million
- Reclassification to trade and other receivables and trade and other payables of S\$0.6 million and S\$0.2 million respectively
- Prior year adjustments on revaluation reserves and the related deferred tax liabilities of S\$3.9 million and S\$0.8 million respectively as the Group has inadvertently not transferred revaluation reserves to accumulated losses when the leasehold properties were derecognised upon disposal of a subsidiary corporation in the financial year ended 31 March 2015

The audit committee (AC) comprises Mr Lim Yeow Hua (as chairman), Mr Ng Li Yong and Mr Liu Song.

- (i) As the directors have responsibilities to oversee the group's financial reporting process, can the directors, especially the directors in the audit committee, help shareholders understand their individual and collective efforts in the preparation of the group's financial statements to give a true and fair view in accordance with the provisions of the Act and FRSS?**
- (ii) Has the AC evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**
- (iii) What changes has the AC made to the group's systems and processes to improve the quality and accuracy of the financial statements?**



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(iv) As Mr Liu Song, as a member of the audit committee, has not attended any of the AC meetings, is the AC effective in discharging its duties?

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/qa-on-annual-reports/?company=Accrelist%20Ltd>

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