



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Aspial Corporation Limited

Security: Aspial Corporation Limited

Meeting details:

Date: 26 April 2019

Time: 3.00 p.m.

Venue: 55 Ubi Avenue 1, #06-05, Ubi 55, Singapore 408935

Company Description

Aspial Corporation Limited is an investment holding company. The Company operates through three segments: manufacture and sale of jewellery, real estate business and financial service business. Its other operations include rental of properties and provision of other support services. Its projects in Singapore include Urban Vista, which is residential type; Kensington Square, of both retail and residential type; The Hillford, of both commercial and residential type; Waterfront@Faber, which is residential type, and CityGate, of both residential and commercial type. Its projects in Australia include Australia 108 (Melbourne), of both residential and commercial type, and Avant (Melbourne), of both residential and commercial type. It operates approximately 52 retail jewelry stores across Singapore and a retail store in Ho Chi Minh City, Vietnam. The financial service business includes its Maxi-Cash network of over 40 pawnshops and retail outlets distributed across Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=A30)

Q1. The Jewellery business reported higher revenue of \$126.2 million, up 8.3%. However, the group could not fully turn around the business and reported a loss for the year. In fact, since FY2015, the segment has been loss making. The Jewellery segment results are shown below:

- FY2014: \$1,727,000
- FY2015: \$(5,282,000)
- FY2016: \$(8,268,000)
- FY2017: \$(4,238,000)

- (i) **Would the board/management clearly articulate the business model for the Jewellery segment?**
- (ii) **Given the market trends (such as manpower, rental) and consumers' preference, what are the key success factors for the Jewellery business?**
- (iii) **Has management identified if certain areas of the business could be further improved and streamlined?**
- (iv) **What are management's pro-active plans to turn around the segment? Is the group relying on the success of Niessing to lift the segment up?**

Q2. As shown in Note 17(a) (page 118 – Investment securities: Financial instruments as at 31 December 2018), the group has nearly \$103 million in total investment securities measured at FVOCI and FVPL as at 31 December 2018.

The bulk of the investment securities are non-current securities, quoted and unquoted, debt and equities held at FVOCI, amounting to \$99.1 million as shown below:

	Group 2018 \$'000	Company 2018 \$'000
Non-current:		
At FVOCI		
– Debt securities (quoted)	45,629	500
– Equity securities (quoted)	47,454	–
– Equity securities (unquoted)	6,008	–
	99,091	500

(Source: Company annual report)

- (i) **Would the board help shareholders understand the rationale of holding on to such a large investment portfolio when it is funded with leverage? Is the investment in line with the group's strategic direction?**
- (ii) **At the company level, the company has been paying between 4.5-5.5% for its bonds. What is the long term performance of its investment securities portfolio?**

- (iii) How much outperformance has the group achieved, once adjusted for risks? Has the group managed to generate long term sustainable outperformance (or alpha) once all the costs are accounted for?
- (iv) Is there an investment committee that provides oversight of the investments?
- (v) Are there proper risk management and internal controls relating to the group's investment into such securities?

Q3. The attendance of directors at board and board committee meetings is shown in the table below:

The Board met four times in respect of the financial year ended 31 December 2018 ("FY2018"). The details of the number of the Board and the Board Committees meetings held in the calendar year and the attendance of each Director at those meetings are set out below:

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended
Koh Wee Seng	4	4	4*	4*	1	1	2*	2*
Koh Lee Hwee	4	4	4*	4*	1*	1*	2*	1*
Ko Lee Meng	4	4	4	4	1*	1*	2	2
Wong Soon Yum	4	4	4	4	1	1	2	2
Kau Jee Chu	4	4	4	4	1	1	2	2
Ng Bie Tjin @ Djuniarti Intan	4	4	4	4	1	1	2	2

* By invitation

(Source: Company annual report)

As seen from the table above, the executive directors (including the chief executive officer) and the non-executive non-independent director are invited to the board meetings.

- (i) Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the non independent directors) to attend board committee meetings?
- (ii) Were there specific agenda items or reasons to invite the non-independent directors (including the executive directors) to all the board committee meetings?
- (iii) What is the dynamics of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors? Such board committee meetings would have included agenda items on performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.



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- (iv) Do the invited directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from the board meeting?**