



Securities Investors Association (Singapore)

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Issuer: International Press Softcom Limited

Security: International Press Softcom Limited

Meeting details:

Date: 29 April 2019

Time: 9.00 a.m.

Venue: 26 Kallang Avenue, Conference Room, Level 2 INTERNATIONAL PRESS BUILDING, Singapore 339417

Company Description

International Press Softcom Limited is a Singapore-based company engaged in the provision of supply chain solutions, print and media products, which include material procurement, inventory management, logistics management and order fulfilment, printing, packaging and software replication. The Company operates through three segments: software contract manufacturing, investment holding, and computer systems integration and consultation services. The software contract manufacturing segment provides a range of services, including supply chain solutions, print and media products, which include material procurement, inventory management, logistics management, software replication and order fulfilment. The investment holding segment holds investment, whether quoted or unquoted. The computer systems integration and consultation services segment focuses on mobile contents, including digital product shelf displays and other related activities.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=571)

Q1. In the financial year ended 31 December 2018, the group reported a loss, net of tax, of \$(4.87) million. This follows a loss of \$(5.17) million for FY2017.

With the winding down of the Australian operations, the group's remaining operating segment of supply chain management involves supply chain solutions, print and media products which include material procurement, inventory management, logistics management, software replication and order fulfilment.

While the group managed to carry out a rights issuance in FY2018 to raise net proceeds of \$3.07 million, the net cash outflow in operating activities of \$(3.6) million reduced the cash level at the end of the financial year to \$3.02 million.

The group's operational performance and financial position continues to deteriorate. While revenue was steady at \$33 million, losses continue to pile up.

- (i) Can the board help shareholders understand if it has carried out a strategic review of the group's capabilities and assess its level of competitiveness? What is the group's core value proposition in the supply chain?**
- (ii) For the benefit of new and long standing shareholders, can the board clearly articulate the business model and identify the value drivers of the business.**
- (iii) How does the group set itself apart from its competitors?**
- (iv) As the board has stated that one of its core principle functions is to chart broad policies and strategies of the company, can the board tell shareholders what guidance it has provided to management in terms of the group's strategic directions?**

Q2. Would the board/management provide shareholders with better clarity on the following operation and financial matters? Specifically:

- (i) Microsoft Replication and Services Agreement:** On 10 April 2019, the company announced that it has received a notice of termination of Microsoft Replication and Services Agreement with effect on 30 June 2019. This is expected to adversely impact the group. Based on the geographical information, Malaysia accounted for \$3.8 million in FY2018. **Can management quantify the impact of the termination? What are the options available to the group following the termination?**

- (ii) **Singapore:** Since the loss of a major customer for a supply chain project in May 2016, revenue from Singapore fell 62.8% to \$2.62 million for FY2017 and has fallen further to \$1.87 million in FY2018. **What efforts did the group make to acquire new customers? Has the group maintained its competitiveness?**
- (iii) **India and Vietnam:** Can management help shareholders understand the profile of its customers that are contributing to the group's growth?
- (iv) **Factory:** The group has a leasehold factory building (26 Kallang Avenue, International Press Building) that has a carrying value of \$30.14 million. **Can management update shareholders on the current utilisation of the building given that the group's operations in Singapore has been scaled back?** Rental revenue for the year amounted to \$439,393.
- (v) **Rights issue:** The rights issue received 82.52% of valid acceptance. Excluding the acceptance by the undertaking shareholder, minority shareholders only accepted 49.6% of their rights share. **Can the board help shareholders understand if it had evaluated (ex post) the low acceptance rate for the rights issue?**

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

During FY2018, the attendance of the Directors at meetings of the Board and Board committees, was as follows:-

Attendance at Meetings	Board	AC	NC	RC
Number of scheduled meetings held	3	2	1	1
Directors	Number of meetings attended			
Low Song Take	3	2*	1	1*
Low Ka Choon Kevin	3	2*	1*	1*
Woo Khai Chong	3	2*	NA	1*
Woo Khai San	2	2*	1	1*
Loh Yih	3	2	1	1
Tiong Choon Hieng Steven	3	2	1	1
Neo Gim Kiong	3	2	1	1

*By invitation
N/A – not applicable

(Source: Company annual report)

As can be seen from the table above, all the executive directors were invited to the audit committee (AC) and the remuneration committee (RC) meetings.

In the Corporate Governance statement, the board had also stated the following:

To facilitate a more effective check on management, the IDs met without the presence of management. In FY2018, the IDs had met once in the absence of the management. (page 12)

- (i) Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**
- (ii) Were there specific agenda items or reasons to invite 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.**
- (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?**
- (v) Does it also mean that the independent directors make up less than half at these board committee meetings?**

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

<https://sias.org.sg/qa-on-annual-reports/?company=International%20Press%20Softcom%20Ltd&cid=6397,4569>

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