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Issuer: MTQ Corporation Limited

Stock code: M05

Meeting details:

Date: 28 July 2020

Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the message from the chairman and Group CEO, the group reported a profit of \$4.2 million for the financial year ended 31 March 2020, the first profitable full year since FY2015.

However, since March 2020, the outlook for drilling and exploration has significantly weakened as the COVID-19 crisis intensified and a price war between major producers plunged oil prices to new lows. The group's operations have also been affected by the measures put in place by governments to stop the spread of COVID-19. Out of the group's workforce of 736, approximately half is in Indonesia while there are 197 and 167 staff in Singapore and Bahrain respectively.

- (i) **What is the impact on the group's operations in the different cities due to the closure of borders and the safe distancing measures at workplaces?**
- (ii) **In particular, in Singapore, was the group deemed an essential service provider during the circuit breaker period? If so, at what capacity did the group operate at during the circuit breaker? Has the group resumed operations at full capacity?**
- (iii) **Is management making any changes to the housing arrangement for its foreign workers in Singapore?**
- (iv) **Going forward, and especially with the discontinuance of quarterly reporting, would management be providing shareholders with timely updates of material development relating to the group's operations as part of the company's continuous disclosure obligations?**

Q2. As shown in Note 32 (b) (page 135 - Information by segment on the group's operations: Geographical segments), revenue in Singapore and Bahrain increased by 14% and 68% to \$42.4 million and \$31.4 million respectively.

- (i) **Can management help shareholders understand the percentage of the group's revenue derived from maintenance activities?** As shown in Note 4, the group generated \$57.1 million in revenue from "Services, repair and contract revenue" while trading sales contributed \$15.5 million in FY2020.
- (ii) **Would the group be in a position to disclose the order book?**
- (iii) **Can the company help shareholders understand the strategic value of Binder Group (design and manufacturing of proprietary and custom-built pipe support and pipe suspension) and In-Line Valve (flow control valves)?**

- (iv) In particular, the goodwill attributed to the In-Line Valve business is carried at \$3.1 million. **What are the prospects and expected synergies from In-Line Valve that would justify the goodwill when the net asset of the target group was approximately \$0.7 million as at the acquisition date?**
- (v) **Can management also elaborate further on the opportunities available to the group in the renewable energy segment?**

Q3. The attendance of directors at board and board committee meetings is shown on page 24 and reproduced below:

The number of Board and Board Committees and general meetings held in the financial year ended 31 March 2020 and the attendance of each Director are as follows:

Type of Meetings	Board	Audit Committee	Nomination & Remuneration Committee	AGM / EGM
No. of Meetings held	5	4	1	2
Name of Director	Meetings attended			
Kuah Kok Kim (Chairman)	5	4 *	–	2
Kuah Boon Wee (Executive)	5	4 *	1 *	2
Nicholas Campbell Cocks (Lead Independent)	5	4 *	1	2
Chew Soo Lin (Independent)	4	4	–	2
Ho Han Siong Christopher (Non-Executive; Non-Independent)	5	4	–	2
Huang Yuan Chiang (Independent)	5	4	1	2
Ong Eng Yaw (Non-Executive; Non-Independent)	5	4 *	1	2

* Attendance by invitation of the Committee.

(Source: company annual report)

As seen from the table above, the audit committee comprises three members, including a non-executive non-independent director. All the other four members of the board, including the executive director, were invited to all four audit committee meetings.

- (i) **Can the audit committee help shareholders understand if it is the usual practice for non-board committee members (including the executive director) to attend the audit committee meetings?**
- (ii) **Were there specific agenda items or reasons to invite the non-audit committee members to all the AC meetings?**

- (iii) **Do the invited directors also actively participate in the discussions during the AC meetings? If so, how are the AC meetings different from board meetings? Is there sufficiently strong independent element at the AC meetings given that the Code focused on the independence of AC members and specifically discourages the membership of executive directors?** As seen from the table above, there are three independent directors (only two as members of the AC) and four non-independent directors (including an executive director) in attendance at the AC meetings.

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)