Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Multi-Chem Limited

Stock code: AWZ

Meeting details:
Date: 26 June 2020
Time: 11.30 a.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.

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Q1. As noted in the Letter to shareholders, the group achieved a record revenue of $456 million in the financial year ended 31 December 2019, an increase of $25 million from a year ago. The group was boosted by higher demand from corporations and government on cybersecurity products. The business is expected to continue growing in 2020.

The group has presence in 30 cities in 15 countries in the Asia Pacific region and Europe. It focuses on the distribution of top names in IT security products.

(i) **What is the group's value-add in the distribution of IT security products?**

(ii) **What are the unique selling points of the group that allow it to secure distributorship/sole distributorship of the best-of-breed IT security products?**

(iii) **Would the company help shareholders better understand its business model? Specifically, is the group mainly selling to major system integrators and resellers? How does it maintain/increase its profit margin as a distributor?**

(iv) In addition, the group recognised loss allowance on third party trade receivables of $(2.4) million in FY2019, up from $(164,000) in FY2018. **Would management elaborate further on the significant increase in loss allowance on trade receivables?**

Q2. The group generated less than 1% of total revenue from the PCB segment. In FY2019, the PCB business decreased by 64%, primarily due to the significant reduction in production capacity following the disposal of machines in China. As stated, contribution from the manufacturing division is expected to be further reduced in FY2020.

In Note 33 (page 165 – Segment information), it was shown that the segment result for the PCB business was $(2.5) million.

(i) **Would the board clarify if the group would be ceasing its PCB business in the near future?**

(ii) **If so, would the group have to incur substantial restructuring/redundancy costs or impairment losses?**

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Q3. On page 56, in the Corporate Governance report, the company has stated that the board adopted a diversity policy and worked towards implementing the objectives of a diverse board to enhance its performance.

In the Practice Guidance to the Code of Corporate Governance 2018, it was stated that the board is responsible for setting the board diversity policy, including qualitative and measurable quantitative objectives (where appropriate). It may charge an appropriate committee (such as the NC) with the task of setting these objectives for achieving board diversity, and reviewing the company's progress towards achieving these objectives.

(i) **Would the board disclose its board diversity policy and the progress made towards implementing the board diversity policy (including objectives) as required by Provision 2.4 of the Code of Corporate Governance 2018?**

(ii) **How does the company's search and nomination process support its board diversity policy?**

^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

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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)