



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: PCI Limited

Security: PCI Limited

Meeting details:

Date: 18 October 2018

Time: 10.30 a.m.

Venue: Multi-Purpose Room, 2nd Floor, 35 Pioneer Road North, Singapore 628475

Company Description

PCI Limited, an investment holding company, provides electronics manufacturing services in the United States, the Republic of Ireland, the People's Republic of China, Germany, ASEAN, and internationally. Its electronics manufacturing services include printed circuit board assembly, and user interface panels and complete box build. The company also provides information technology, research and development, estate management, logistics, and general warehousing services; and rents properties. The company was founded in 1972 and is headquartered in Singapore. PCI Limited is a subsidiary of Chuan Hup Holdings Limited.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=P19)

1. The group reported an impressive jump in revenue to US\$288.7 million, up 45.1% year-on-year. Net profit attributable to equity holders increased by 71.2% to US\$18.2 million. In the Chairman's statement, it was disclosed that several of the group's key customers experienced strong market demand and it drove the increase in the group's business volume. In Note 26 (page 81 – Segment information), it can be seen that revenue from the USA increased from US\$107.0 million in 2017 to US\$178.5 million in 2018 while revenue attributed to Republic of Ireland increased from US\$35.2 million to US\$54.1 million over the same period.

- (i) Would management provide better visibility on the profile of its key customers? What industries are they in?**
- (ii) Would the company also provide a break-down of the US\$269.2 million revenue derived from Sale of goods to show the revenue by industries/sectors and by product range/types?**
- (iii) What are the current utilisation rates of the group's manufacturing facilities? How much more growth can the group support without major capital expenditure?**
- (iv) Shareholders will be interested to understand how the group achieved the significant growth in revenue with only minimal changes in working capital.**

The Chairman has mentioned in the Chairman's Statement that "the cost and supply impact to the electronics market could get worse if the US decides to apply tariffs on a wider range of products from China".

- (v) As the situation has indeed worsened in recent weeks, shareholders would like to obtain an update of the future impact on the company.**

2. Based on the directors' profile, Mr Peh Kwee Chim leads the group as the executive chairman and he oversees the strategic planning and business development of the group (page 13). Mr Peh Kwee Chim was appointed to the board in November 1989 and has been instrumental in building up the group.

Mr Peh Siong Woon Terence, as executive vice chairman since 13 August 2013, assists the chairman in overseeing the strategic planning and business development of the group.

In addition, Mr Teo Eng Lin is the chief executive officer of PCI, responsible for the business, operations and the overall performance of the group.

- (i) Would the board, especially the nominating committee (NC), help shareholders understand the roles and responsibilities of the executive chairman and the executive vice chairman?**
- (ii) Given that the executive vice chairman assists the chairman in strategic matters, how does the NC evaluate the performance of the executive**

chairman and vice chairman? What are the key performance indicators used? How does the NC distinguish the efforts, contributions and achievements of each of the executive chairman and executive vice chairman?

(iii) As the group also has a CEO who is responsible for the day-to-day operations and performance of the group, can shareholders understand how much time is spent by the executive chairman and the executive vice chairman on the business of PCI?

3. The company's board of director comprises seven directors, three of whom are independent, namely Mr Ho Soo Ching, Mr Lo Pang Foo Steven and Mdm Joanna Young Sau Kwan. The highlights from the directors' profiles include the following:

Director	Profile highlights
Mr Ho Soo Ching	<ul style="list-style-type: none"> - Lead Independent Director; appointed on 3 November 2014 - Over 20 years in the financial services industry - Formerly CEO at Manhattan Resources Singapore from 2006 to 2011
Mr Lo Pang Foo Steven	<ul style="list-style-type: none"> - Appointed to the board on 28 December 2011 - Director of Drew & Napier LLC; Head of the Mergers and Acquisitions Practice - More than 20 years of legal experience - Non-executive, independent director and chairman of Chuan Hup
Mdm Joanna Young Sau Kwan	<ul style="list-style-type: none"> - Appointed on 3 April 2018 - Wealth of experience in accounting, auditing and financial management - Non-executive, independent director of Chuan Hup since 21 February 2003

(i) Would the nominating committee (NC) help shareholders understand how it had determined the overall desired competency matrix of the board?

(ii) Given that the group is a specialist in electronics manufacturing services, would the board and the group benefit from having independent directors with technology background?

Mdm Young has been on the parent company as an independent director since 21 February 2003. The company has appointed Mdm Young as an independent director on 3 April 2018.

(iii) Does the company consider appointing Mdm Young on the board after she had served 15 years as independent director on the parent company as compliance with both the letter and spirit of the guidelines on independence?



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Mr Peter Tan was appointed to the board on 24 February 2017 and stepped down as non-executive independent director on 1 June 2018.

- (iv) **Would the NC elaborate in greater detail the search and nomination process for directors, especially independent directors?** It is noted that two of the three current independent directors are also on the board of the parent company.