



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Sin Ghee Huat Corporation Ltd

Stock code: B7K

Meeting details:

Date: 29 October 2020

Time: 10.30 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.

Q1. In the letter to shareholders, the company reported that revenue for the year decreased by 25% to \$37.5 million against the backdrop of the global pandemic brought on by COVID-19 and turmoil in the Oil & Gas (“O&G”) industry. Loss for the year attributable to equity holders of the company amounted to \$(4.16) million.

The group registered a broad-based decrease in revenue from all its key markets (page 7), with Singapore showing the largest absolute decrease.

In addition, the board made its decision to stop its joint venture in New Zealand and its Suzhou operations (via a wholly-owned subsidiary), thus recognising additional impairment losses.

While the group remains financially strong with cash and cash equivalents of \$10.9 million and no external borrowings as at 30 June 2020, the core business of trading and sales of stainless steel and specialty metal products remains challenging.

- (i) **Can management elaborate further on the growth prospects of the group especially with the closure of its overseas operations?**
- (ii) **Are there any bright spots in any parts of the group’s business?**
- (iii) **What were the underlying reasons for an exceptional weak showing in the “Engineering and construction” segment?** Revenue fell by than 54% from \$19.0 million in FY2019 to \$8.77 million in FY2020.
- (iv) The group is an established and major stockist and a “one-stop” distributor of 304/304L and 316/316L grades of austenitic stainless steel as well as duplex steel products and specialty metals, with a track record of more than 40 years. **What are the board’s plans to drive innovation and to transform the group? Is there a risk that the business model of a stockist has been disrupted, especially as the business cycles are shorter and more volatile now?**
- (v) **How is the group carrying out its search for new alliances, partnership and/or mergers? Has the board narrowed down its search to certain industries or sectors?**

Q2. One highlight for the group in the year is the redevelopment of 32 Gul Crescent into a modern warehouse with an automated storage and retrieval system (“ASRS”). The temporary occupation permit for the redeveloped property was received in January 2020 and the lease will run until May 2041.

- (i) **What is the total amount invested in the redevelopment of the warehouse at 32 Gul Crescent?**

- (ii) **Can management elaborate further on the capabilities of the ASRS? How much manpower savings can be expected?**
- (iii) **What are the capacities of the newly redeveloped warehouse and of 62 Tuas Basin Link? With the new modern warehouse, are there plans to further consolidate the group's warehousing operations?**

Q3. The remuneration of directors is shown on page 21 of the annual report and reproduced below.

Details of remuneration of the Directors for the financial year ended 30 June 2020 are set out below:

Name of Directors	Fixed Component	Variable Component	Directors' Fee	Total
<u>Below \$500,000</u>				
Kua Ghim Siong ⁽¹⁾	100%	–	–	100%
Kua Peng Chuan	100%	–	–	100%
<u>Below \$250,000</u>				
Goh Chee Wee	–	–	100%	100%
Hoon Tai Meng	–	–	100%	100%
Lim Lian Soon	–	–	100%	100%
Low Chui Heng	–	–	100%	100%

(1) In addition, the Company has provided Mr Kua Ghim Siong with car allowance.

(Source: company annual report)

- (i) **Would the board/remuneration committee (RC) clarify if the car allowance for Mr Kua Ghim Siong has been excluded from the remuneration package of “Below \$500,000”?**
- (ii) **If so, what is the reason for the exclusion? Would the board consider disclosing all the benefits received by the directors (including car allowance) and clearly disclose the total remuneration received by the directors?**

In addition, in the 2019 annual report, the remuneration packages for the executive directors were disclosed as “\$250,001 to \$500,000”. This year, the company has taken a step back in its disclosure by stating “Below \$500,000”. In fact, in Note 25 (page 85 – Related party transactions), the company disclosed that the directors received \$717,000 (including \$178,000 as director fees).

- (iii) **Would the board/RC clarify if the remuneration packages for the executive directors are in the “\$250,001 to \$500,000”? Would the RC be committed to improving the disclosure on remuneration in the annual report?**

- (iv) **Given the losses in the year, and the challenging operating environment caused by the COVID-19 outbreak, will the board and the senior management team be taking the lead with a cut in fees and salaries?**

^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)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US



[^] 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>)