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GST Reg No: M90367530Y

**Issuer:** Singapore Shipping Corporation Limited

**Stock code:** S19

**Meeting details:**

Date: 28 July 2020

Time: 10.00 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 message to shareholders, the chairman noted that, with lower vehicle production globally, there are hardly new builds of new Pure Car and Truck Carriers (“PCTCs”). Despite a challenging environment, the group continues to be profitable, with net profit of US\$9.2 million for the financial year ended 31 March 2020, a 10.6% decrease from the last financial year. Net gearing ratio improved from 39% to 27.6% as at 31 March 2020.

Details of the group’s fleet can be found on pages 7 & 8 of the annual report (reproduced below).

<b>Vessel</b>	<b>Capacity</b>	<b>Built</b>
Cougar Ace	5,540 cars	1993
Boheme	7,200 cars	1999
Sirius Leader	5,190 cars	2000
Capricornus Leader	6,500 cars	2004
Centaurus Leader	6,500 cars	2004
Taurus Leader	7,000 cars	2015

(Source: company annual report)

The average age of the group’s fleet is approximately 17 years.

- (i) **Can management help shareholders understand what measures, if any, have been taken to meet the new International Maritime Organisation (IMO) Low Sulphur Regulation (IMO 2020)?**
- (ii) **In particular, are any of the vessels equipped with approved equivalent means of compliance such as exhaust gas cleaning systems (EGCS) commonly referred to as “scrubbers”?**
- (iii) **What are the remaining charter periods for each of the vessels?**
- (iv) **Given the age of the fleet, the group’s financial position and the current macro-economic conditions, what are the group’s strategic plans, including fleet renewal/expansion or disposal, if any?**
- (v) **Has the group evaluated any suitable vessels/synergistic businesses that might be available on an opportunistic basis during this pandemic?**

**Q2.** Information on the directors showing their past appointments can be found on pages 3 and 4 of the annual report. The executive directors of the company are as follows:

- Mr Ow Chio Kiat as executive chairman
- Mr Ow Cheo Guan as deputy executive chairman
- Mr Ow Yew Heng as executive director and chief executive officer

As noted on page 21, the chairman and the deputy chairman are brothers and the CEO is the son of the chairman and the nephew of the deputy chairman. The company has listed the responsibilities of the chairman and of the CEO on page 21.

- (i) **Would the company help shareholders better understand the roles and responsibilities of the deputy executive chairman?**
- (ii) **Is there significant overlap in the roles and responsibilities of the executive chairman and deputy executive chairman?**
- (iii) As shown on page 28, the executive chairman and deputy executive chairman received annual remunerations that included 27% and 18% in bonuses respectively.

A breakdown of remuneration of each individual Director and the CEO in bands of S\$100,000 for FY2020 is as follows:

Remuneration Bands and Name of Director	Salary %	Bonus %	Fees <sup>(1)</sup> %	Other Benefits <sup>(2)</sup> %	Total %
<b>S\$1,700,000 to below S\$1,800,000</b> Ow Chio Kiat <sup>(3)</sup>	70	27	2	1	100
<b>S\$700,000 to below S\$800,000</b> Ow Cheo Guan <sup>(4)</sup>	78	18	3	1	100
<b>S\$700,000 to below S\$800,000</b> Ow Yew Heng <sup>(5)</sup>	56	41	3	-	100
<b>Below S\$100,000</b> Pebble Sia Huel-Chieh	-	-	100	-	100
Huong Wei Beng	-	-	100	-	100
Ng Jui Ping <sup>(6)</sup>	-	-	100	-	100

(Source: company annual report)

**Would the remuneration committee provide shareholders with greater clarity on how it had assessed the performance of the deputy executive chairman (including how the KPIs were determined)?**

**Q3.** Following the untimely demise of the late Lt-Gen (retired) Ng Jui Ping on 1 January 2020, the board has had only two independent directors. The company has stated that the search for a replacement independent director had been, and continues to be, ongoing.

It would appear that the composition of the audit committee is not be in compliance with Section 201B of the Companies Act (Chapter 50) of Singapore (the “Companies Act”). Section 201B (4) states that, in any event that results in the number of members being reduced below 3, the board of directors shall, within 3 months, appoint such number of new members as may be required to make up the minimum number of 3 members.

In addition, Rule 704(8) of the SGX Mainboard Rules states that in the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three), the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months.

Further, with reference to the Code of Corporate Governance 2018, the composition of the board and the board committees are not be in compliance with the following:

- Provision 2.2
- Provision 2.3
- Provision 4.2
- Provision 6.2
- Provision 10.2

- (i) **Would the board help shareholders understand the deliberations it has had on Section 201B of the Companies Act?**
- (ii) **Did the company apply for and obtain a waiver from SGX on Rule 704(8)?**
- (iii) **What is the progress made in the search for a new independent director? Is there any reason for the delay in appointing a new independent director?**
- (iv) In addition, on pages 125-132, the company provided additional information on directors seeking re-election. It was disclosed that Ms Pebble Sia Huei-Chieh had past directorships in 4 companies in the past 5 years that have been struck off. **Would the company/director help shareholders understand the role Ms Pebble Sia Huei-Chieh played in these companies? Would Section 155A of the Companies Act (Chapter 50) of Singapore apply in this case?** Section 155A states that a director who has had three of his/her companies struck off by the Registrar within a period of five years will be disqualified from acting as a director of any company for five years starting after the date on which the last of the three companies was struck off. For the avoidance of doubt, the striking off of the three companies relates only to striking off initiated by the Registrar and does not include voluntary applications for striking off<sup>1</sup>.

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<sup>1</sup> Source: <https://www.acra.gov.sg/docs/default-source/default-document-library/compliance/enforcement-related-materials/beprepared.pdf>

^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>)