



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Soon Lian Holdings Limited

**Security:** Soon Lian Holdings Limited

**Meeting details:**

Date: 30 April 2019

Time: 9.30 a.m.

Venue: 6 Tuas Lane Singapore 638615

**Company Description**

Soon Lian Holdings Limited is an investment holding company. The Company is a specialist supplier of aluminum alloy product. Its segments include marine, precision engineering, stockists and traders, and other customers. It supplies a range of approximately 1,300 aluminum alloy product for various specifications and dimensions to the marine, precision engineering and semiconductor industries. It also supplies to other aluminum stockists and traders, as well as customers in other industries. It provides customized products as part of its services and employs processing systems, such as Computer Numerical Control (CNC) plasma cutting system, CNC high precision bandsaw and custom-designed vertical saw, which allows cutting aluminum alloy products into various forms and dimensional specifications. It operates in Australia, Hong Kong, India, Indonesia, Malaysia, Philippines, People's Republic of China, Singapore, South Korea, Taiwan, Thailand, The United Arab Emirates and Vietnam.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5MD](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5MD))

**Q1.** Would management provide shareholders with better clarity on the following operational matters? Specifically:

- (i) Marine:** Revenue from the Marine segment increased to \$14.3 million, up by nearly double, from a low base of \$7.36 million. **Can management help shareholders understand if these are the early signs of a recovery in the marine sector?**
- (ii) 6 Tuas Lane:** Has the group benefited from consolidating the operations into 1 site? What synergies have been realised?
- (iii) Value proposition:** What is the group's value proposition? What are the value-add services provided by the group to let it distinguish itself from its competitors?

**Q2.** In FY2018, the group reported a 10.8% drop in revenue to \$33.68 million and a net loss after tax of \$(249,000) down from \$1.552 million in FY2017.

The remuneration of directors in FY2018 and FY2017 is shown below:

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2018 \$'000	2017 \$'000
Remuneration of directors of the company	888	902
Fees to directors of the company	85	85
Fees to directors of a subsidiary	2	2

Further information about the remuneration of individual directors is provided in the report on corporate governance.

(Source: Company annual report)

As the independent directors received \$85,000 in both years, the three executive directors would have received \$803,000 in FY2018 and \$817,000 in FY2017.

The breakdown of the remuneration is shown in the tables below. Each director received bonuses of about 15-18% in both years, when the group reported a loss and when the group reported a profit.

The remuneration of the Directors for FY2018 are set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%	%
<b>Between S\$250,000 and S\$500,000</b>					
Tan Yee Chin	-	71	18	11	100
Tan Yee Ho	-	65	16	19	100
Tan Yee Leong	-	60	15	25	100

The remuneration of the Directors for FY2017 is set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%	%
<b>Between S\$250,000 and S\$500,000</b>					
Tan Yee Chin	-	69	17	14	100
Tan Yee Ho	-	65	16	19	100
Tan Yee Leong	-	59	15	26	100

(Source: Company annual report; FY2018 on top, FY2017 below)

- (i) **Would the remuneration committee (RC) help shareholders understand how they had reviewed the performance of the directors?**
- (ii) **What key performance indicators (KPIs) were used to measure the performance of the directors?**
- (iii) **Specifically, did the RC recommend the bonuses to the executive directors when the group reported a loss? Would the RC help shareholders understand their rationale?**
- (iv) **Does the current remuneration system link rewards to corporate and individual performance?**

**Q3.** The attendance of directors at board and board committee meetings is shown in the table below:

Details of the Directors' attendances at the Board and Board Committee meetings held during FY2018 are set out below:

DIRECTORS	BOARD		AC		NC		RC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Yee Chin	2	2	2	2*	1	1*	1	1*
Tan Yee Ho	2	2	2	2*	1	1*	1	1*
Tan Yee Leong	2	2	2	2*	1	1*	1	1*
Lee Sen Choon	2	2	2	2	1	1	1	1
Tan Siak Hee	2	2	2	2	1	1	1	1
Yap Kian Peng	2	2	2	2	1	1	1	1

\* By invitation

(Source: Company annual report)

As can be seen from the table above, the executive directors are invited to the board committee meetings.

- (i) **Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**
- (ii) **Were there specific agenda items or reasons to invite the non-independent directors (including the executive directors) to all the board committee meetings?**
- (iii) **What is the dynamics of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.
- (iv) **Do the invited directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from the board meeting?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 and 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Soon%20Lian%20Holdings%20Ltd&cid=6679,4533,4230>

The company's response could be found here: -----