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**Issuer:** Wong Fong Industries Limited

**Security:** Wong Fong Industries Limited

**Meeting details:**

Date: 29 April 2019

Time: 2.00 p.m.

Venue: 79 Joo Koon Circle, Singapore 629107

**Company Description**

Wong Fong Industries Limited is an investment holding company. The Company is engaged in providing land, transport engineering solutions and systems with a presence in Singapore, Malaysia and the People's Republic of China. Its segments include Equipment Sales, which offers sales and installation of equipment, including the trading and restoration of used equipment; Projects, which is engaged in design, customization, engineering and integration of equipment and/or solutions; Repairs and Servicing, which offers servicing and maintenance support, and Training, which offers related services, such as conducting training courses for industrial equipment users. It also provides management consultancy services. It provides engineering solutions for load handling systems, waste management systems, as well as assistive technology and mobility aids. Its range of products and solutions include truck-mounted cranes, tailgates, tippers, self-loaders, hookloaders and portable compactors.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=1A1](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=1A1))

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

- (i) Engineering:** The group has re-organised its Equipment Sales, Repairs and Servicing and Projects businesses into a single Engineering segment. For FY2018, the aggregate revenue declined by 27.0% to \$46.4 million due to the challenging business environment and heightened competition from new market entrants. **How much synergy is there between the three segments? What is management's response to the challenge posed by the new market entrants?**
- (ii) Municipal waste management contracts:** The group has identified opportunities in equipment sales in the next 2 years due to the tendering cycle for the municipal waste management contracts. **Can management elaborate further on how it intends to capture value for shareholders? Would it make sense for the group to enter into a strategic tie-up with a waste management company?**
- (iii) Training:** Revenue from the training segment jumped from \$3.733 million in FY2017 to \$10.044 million in FY2018. **What are the significant courses/sectors that contributed to the growth? How much more growth can the education division support?**

**Q2.** On 27 April 2018, the company announced the re-designation of Mr Lew Chern Yong (Eric Lew) from executive director to non-executive non-independent director.

From the 2017 Annual report, Mr Eric Lew's job scope was to:

- Assist the executive chairman, as well as deputy chairman and managing director, to manage the Group's overall strategic planning, human resources, merger and acquisition and business development functions.

In addition, Mr Jimmy Lew, the late executive chairman, passed away in August 2018. Mr John Cordova retired as director on 27 April 2018 after the conclusion of the AGM and Mr Tan Soon Liang and Mr David Lee Yong Soon are set to retire at the conclusion of the AGM on 29 April 2019.

Mr Pao Kiew Tee was also redesignated as the independent chairman on 29 March 2019.

- (i) With the changes in the board, is there sufficient continuity and stability on the board? Have the changes caused any disruption to the proper functioning of the board?**
- (ii) With the redesignation of Mr Eric Lew to a non-executive director, who has taken over his functions of assisting the executive directors in managing the group's overall strategic planning etc?**

(iii) Would the board help shareholders understand the group's leadership bench strength (e.g. technical, training, operation, business development, sales etc)? Has the group been able to hire, train and retain the talent it needs?

In addition, would the board help shareholders understand the job scope and responsibilities of the following employees who are immediate family members of a director or the CEO?

**Remuneration of employees who are immediate family members of a Director or the CEO**

The breakdown of the total remuneration of employees who are immediate family members of a Director or the CEO and whose remuneration exceed S\$50,000 in FY2018 is set out below:

	Remuneration for FY2018
Jean Liew <sup>(1)</sup>	Between S\$100,001 and S\$150,000
Liu Shanni <sup>(2)</sup>	Between S\$100,001 and S\$150,000
Liu Weilong <sup>(2)</sup>	Between S\$50,001 and S\$100,000
Ng Chin Yee <sup>(3)</sup>	Between S\$50,001 and S\$100,000

**Notes:**

- (1) Ms Jean Liew is the sister of Mr James Liew, Co-Founder and Group Chief Executive Officer.
- (2) Mr Liu Shanni and Mr Liu Weilong is the son of Mr James Liew, Co-Founder and Group Chief Executive Officer.
- (3) Mr Ng Chin Yee is the father-in-law of Mr Eric Lew, Non-Executive Non-Independent Director.

(Source: Company annual report)

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

For FY2018, the number of Board and Board Committee meetings held and the attendance of Directors at these meetings, are disclosed as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	2	2	2	2
Number of meetings attended:				
Jimmy Lew**	1	1*	1*	1*
James Liew	2	2*	2*	2*
Liew Chern Yean	2	2*	2*	2*
Eric Lew	2	2*	2*	2*
Pao Kiew Tee	2	2	2	2
Lee Yong Soon	2	2	2	2
Tan Soon Liang	2	2	2	2
Wong Chit Chong	2	2	2	2
John Cordova***	1	1	1	1

\* Attendance by invitation of the committee

\*\* Jimmy Lew passed away in August 2018

\*\*\* Retired as a Director on 27 April 2018 after the conclusion of the AGM

(Source: Company annual report)

As can be seen from the table above, the executive directors attended all the board committee meetings.

In the Corporate Governance Report, it was stated that the independent directors meet regularly and on a need-basis without the presence of the management to discuss matters such as corporate governance initiatives, board processes, succession planning and leadership development, performance management and the remuneration of the executive directors.

- (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 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?**
- (v) How many times did the independent directors meet without the presence of management? Would the board committee meetings be the more appropriate forum for such discussions?** This would ensure that board deliberations and decisions are minuted formally.

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=>

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