



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: Acma Ltd.

Stock code: AYV

Meeting details:

Date: 29 April 2022

Time: 9.00 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. On 13 April 2022, the company posted a notice of 3 consecutive years' losses on SGXNet, to update shareholders and investors that it has recorded pre-tax losses for the three most recently completed consecutive financial years (based on audited full year consolidated accounts). It had in fact posted the same notice on 14 April 2021.

With its 6-month average daily market capitalisation at just \$1.9 million, it is below the threshold of \$40 million set out in Rule 1311(1) of the SGX Listing manual.

While SGX RegCo typically reviews the inclusion in the watch list on a half-year basis, it has suspended the half-yearly reviews due to the pandemic since April 2020. In the announcement on May 2021¹, SGX RegCo further extended the suspension of the review for 2021. If no further extension is granted, the half-yearly review will commence on the first market day of June 2022.

- (i) **What is the impact on the group's operations (including market confidence, relationship with suppliers, customers, bankers) should the company be included in the watch-list? How will management be mitigating the impact?**
- (ii) **What are management's priorities to turn around the business?**
- (iii) **How will the board be addressing the minimum average daily market capitalisation of \$40 million?**

Q2. The Metal printing and packaging services business ("MPPL") which was disposed of at the end of FY2021 for \$29,686².

For FY2021, loss before income tax from continuing operations was \$(4.4) million (FY2020: \$(3.9) million). The group recognised revenue of approximately \$51 million (from continuing operations) in FY2020 and FY2021.

The group's tooling operations were impacted by the pandemic as well as the China-US trade war. Segment revenue declined by \$7.8 million although revenue from the group's plastic injection moulding operations increased by \$7.2 million. In the statement to shareholders, the chairman has stated that new order inflows for the tooling segment "remain slow".

- (i) **Please (re)state the group's business model (including its competitive advantage) and highlight how the group can create value for shareholders.**

¹ <https://www.sgx.com/media-centre/20210521-sgx-regco-continue-suspend-entry-issuers-watch-list>

² <https://links.sgx.com/FileOpen/DISPOSAL%20OF%20SUBSIDIARY.ashx?App=Announcement&FileID=695849>

- (ii) **Can management help shareholders understand if it has remained cost-competitive? For instance, what is the level of automation in the operations? What was the gross profit margin achieved in FY2021? What levers are available to management to improve the group's profitability?**

As noted in the corporate governance report, Mr Quek Sim Pin currently assumes the roles of both chairman and chief executive officer ("CEO"). As CEO, Mr Quek bears full executive responsibility for the overall management of the company's businesses including charting its corporate and strategic direction (page 14).

Out of the group's share capital of \$195.0 million, the accumulated losses amount to \$(194.1) million. With foreign currency translation reserve showing a \$2.28 million gain, equity attributable to owners of the parent amounts to just \$6.94 million (from \$195.0 million).

- (iii) **Has the board, especially the nominating committee (NC), evaluated the benefits of having two separate persons in the roles of the chairman and the CEO?**

Q3. The profiles of the directors can be found on page 4 of the annual report. At the AGM scheduled to be held on 29 April 2022, Mr Robert Low Mui Kiat will be retiring pursuant to Article 93 of the company's constitution and will be seeking his re-election.

Additional information on directors seeking re-election pursuant to Rule 720(6) and Appendix 7.4.1 can be found on pages 5 to 8. Mr Robert Low Mui Kiat was first appointed to the board on 11 December 2009.

- (i) **Can the retiring director help shareholders understand his contributions and his effectiveness as a director?**
- (ii) **Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (iii) **Can the NC help shareholders understand if the independent directors have the appropriate balance and mix of skills, knowledge, experience, especially in tooling, injection moulding, distribution, supply chain, operations, business experience in China/Vietnam, to engage in effective and constructive debate with the executive directors?**

In addition, the profiles of key management can be found on page 9. The COO, CFO and managing directors have been in the group since as far back as 1984-2000. Their experience ranges from 22 years to 38 years, averaging 29 years.

(iv) Has the board reviewed if the group has the necessary human resources in place to allow the group to meet its objectives?

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)