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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Ban Leong Technologies Limited

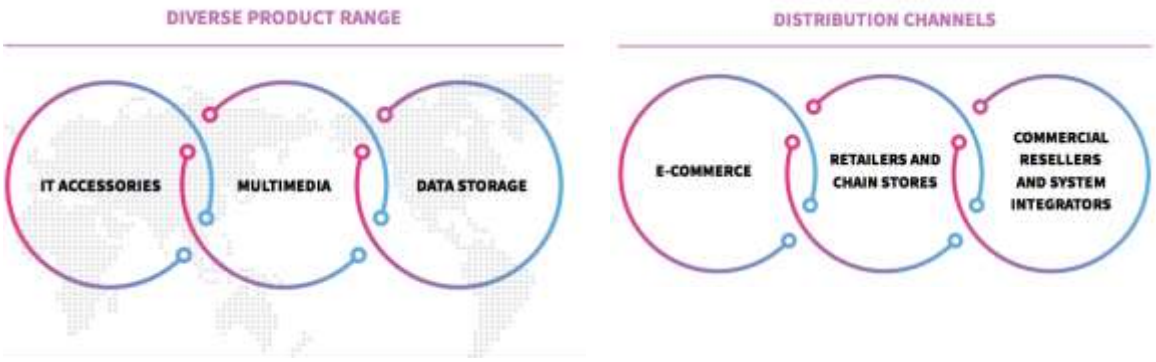
Stock code: B26

Meeting details:
Date: 26 July 2021
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.

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Q1. As seen in the corporate profile, the group distributes products for over 50 brand names (as authorised distributor) through three channels, namely e-commerce via online retailer, brick and mortar retailers and chain stores; and directly to corporate resellers and system integrators.



(Adapted from company annual report)

The brand listing can be found on pages 13 of the annual report while several product features (such as Razer Blade 14, Poly Studio, Samsung Smart Monitor) could be found on pages 1 to 14).

(i) **Can management help shareholders better understand the revenue breakdown from each of the distribution channels, i.e. e-commerce, "retailers and chain stores" and "commercial resellers and system integrators"?**

(ii) **Which segment showed the greatest increase in the past year?** The chairman has noted that the group's online platform continued to register modest growth (by percentage) and the group is cognisant of its role to its key partners in distribution and retail.

(iii) **Can management elaborate further on its strategy to grow the commercial segment? What is the key value proposition to system integrators (as customers/partners)?**

(iv) **What is the risk that the group, as a distributor, might get disintermediated as brand owners go direct to customers especially with the ease of social marketing and e-commerce?**

(v) **In addition, what are the opportunities and threats to the group arising from e-commerce players, such as Lazada, Shopee and Amazon?**

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(vi) **Would it be timely for the group to update and streamline its business units/operating segments to improve organisational agility and focus?** "Data storage" appears to be an insignificant contributor at this point. As shown in Note 31 (page 123 – Segment information), for management purposes, the group is organised into business units based on their products and services and is organised into 3 main operating segments, namely multimedia, IT accessories and data storage.

As noted in the chairman's message, the demand for many IT and multimedia products was driven by the pandemic, mainly due to work from home policy, on-line learning and more gaming needs.

(vii) **How sustainable is the group's growth going forward, in a post-pandemic landscape?**

(viii) While the group has identified "Responsible waste management" as a material factor in its sustainability report, the target set is for the group to "minimise waste generated in operations". **How can the group take its sustainability efforts further by playing a critical role in reducing/recycling electronic waste, especially e-waste from customers?**

Q2. In his message to shareholders, the chairman stated that the group would like to explore business opportunities in the region, including China and Hong Kong. In FY2021, the group generated approximately 30% of its revenue outside Singapore, up from about 20% in FY2020.

As shown in Note 31 (page 125 – Segment information), revenue from "Asia" increased from $1.67 million in FY2020 to $9.53 million in FY2021.

(i) **What were the reasons for the significant increase in revenue from Asia? Did the group gain significant market share in any particular market?** In the footnote, the company has described Asia as China, Vietnam, Taiwan, Korea, Mongolia, Pakistan, India, Bangladesh, Nepal, Japan, Hong Kong and Asean member countries excluding Singapore, Malaysia and Thailand.

On page 3, it is shown that the company's last overseas foray was BLC (China) Ltd in 2008, which followed the group's expansion to Australia in 2006 with the acquisition of Audion. In Note 13 (page 106 – Investment in subsidiaries), the company disclosed that Ban Leong Technologies Australia Pty Ltd was deregistered during the year and the cost of investment and corresponding impairment loss of $(6,546,723) has been de-recognised.

The group did subscribe for US$2 million in convertible notes in Bluedge International Limited ("Bluedge") in 2017 which was fully redeemed in the financial year.

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(ii) **Can the board elaborate further on the group's overseas expansion, including the type of business, sector, deal structure, potential size etc?**

(iii) **What is the current scope and scale of the operations in China under BLC (China)?** On page 106, the company stated that BLC (China)'s principal activity as the distribution of corporate gift cards.

(iv) **Has the board considered the group's financial position, track record, management experience and risk policies when it is exploring new business opportunities? Will any such new business ventures significantly alter the group's risk profile?**

Q3. Mr Lo Yew Seng was first appointed as a non-executive director of the company on 12 May 2015. The company re-designated Mr Lo Yew Seng to an independent director of the company on 15 July 2020.

In addition, Mr Tan Eng Bock resigned as independent director effective from 15 July 2020. Prior to his resignation as a director of the company, Mr Tan was the chairman of the nominating committee as well as a member of each of the audit committee and remuneration committee.

There have been no further changes to the board composition since 15 July 2020. The current board comprises four directors, out of whom three are independent directors and one executive director.

(i) **Can the board/nominating committee help shareholders understand the reason(s) for the re-designation of Mr Lo? In addition, what were the circumstances that led the nominating committee to deem Mr Lo as non-independent in 2015?**

In the report on corporate governance, the board has stated that it is committed to ensuring and maintaining high standards of corporate governance and places importance on its corporate governance processes and systems.

(ii) **Given the timing of the resignation of Mr Tan Eng Bock and the re-designation of Mr Lo Yew Seng on 15 July 2020, would shareholders perceive the redesignation of Mr Low Yew Seng as a way to allow the company to meet Provisions 2.2 and 2.3 of the Code of Corporate Governance 2018?**

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In addition, the two other independent directors, namely Mr Loh Yih and Mr Neo Gim Kiong, are seeking a two-tier vote by shareholders on their continued appointment as independent directors. Mr Neo Gim Kiong and Mr Loh Yih were first appointed on 1 July 2004 and 12 May 2005 respectively. In addition, both directors are on the board of Acesian Partners Limited, retired from the board of Trek2000 International Ltd within a month of each other and resigned from IPSCom Pte Ltd on the same day on 1 May 2021.

(iii) **Does the intertwining of the two independent directors on other listed boards and their track record demonstrate the risk for group-think in the board?**

(iv) **As the lead independent director, would Mr Loh Yih be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?**

^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

Join our mailing list here to receive latest news and upcoming events.

^ 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)

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