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**Issuer:** Ban Leong Technologies Limited

**Stock code:** B26

**Meeting details:**

Date: 27 July 2023

Time: 10.00 a.m.

Venue: 150 Ubi Avenue 4, #04-01, Singapore 408825

**Q1.** As highlighted in the chairman's message, the group experienced a decrease in revenue during the financial year primarily due to a decline in demand for IT products. This was in contrast to the previous years when the increase in remote work practices led to higher demand for peripheral IT gadgets during the COVID lockdown. Despite the year-on-year decline in revenue and profit, the group still performed better than pre-COVID levels.

The group distributes its products through three channels, namely brick and mortar retailers and chain stores; e-commerce via online retailers; and directly to corporate resellers and system integrators.

The group increased the number of online stores on various third-party e-commerce platforms to 79 (FY2022: 76). Sales via online channels amounted to \$16.1million in FY2023, representing about 8% of the total group sales of \$203.7million.

- (i) **Can management provide shareholders with a clearer understanding of the business model and economic dynamics involved in selling on third-party e-commerce platforms? Specifically, it would be helpful to know whether selling on these platforms tends to result in higher or lower profit margins, taking into account the charges imposed by the platforms.**
- (ii) **Has the board/management established a target for the group's online sales?**

Separately, (current) other receivables increased from \$0.7 million to \$4.0 million as at 31 March 2023.

#### 19. OTHER RECEIVABLES AND DEPOSITS

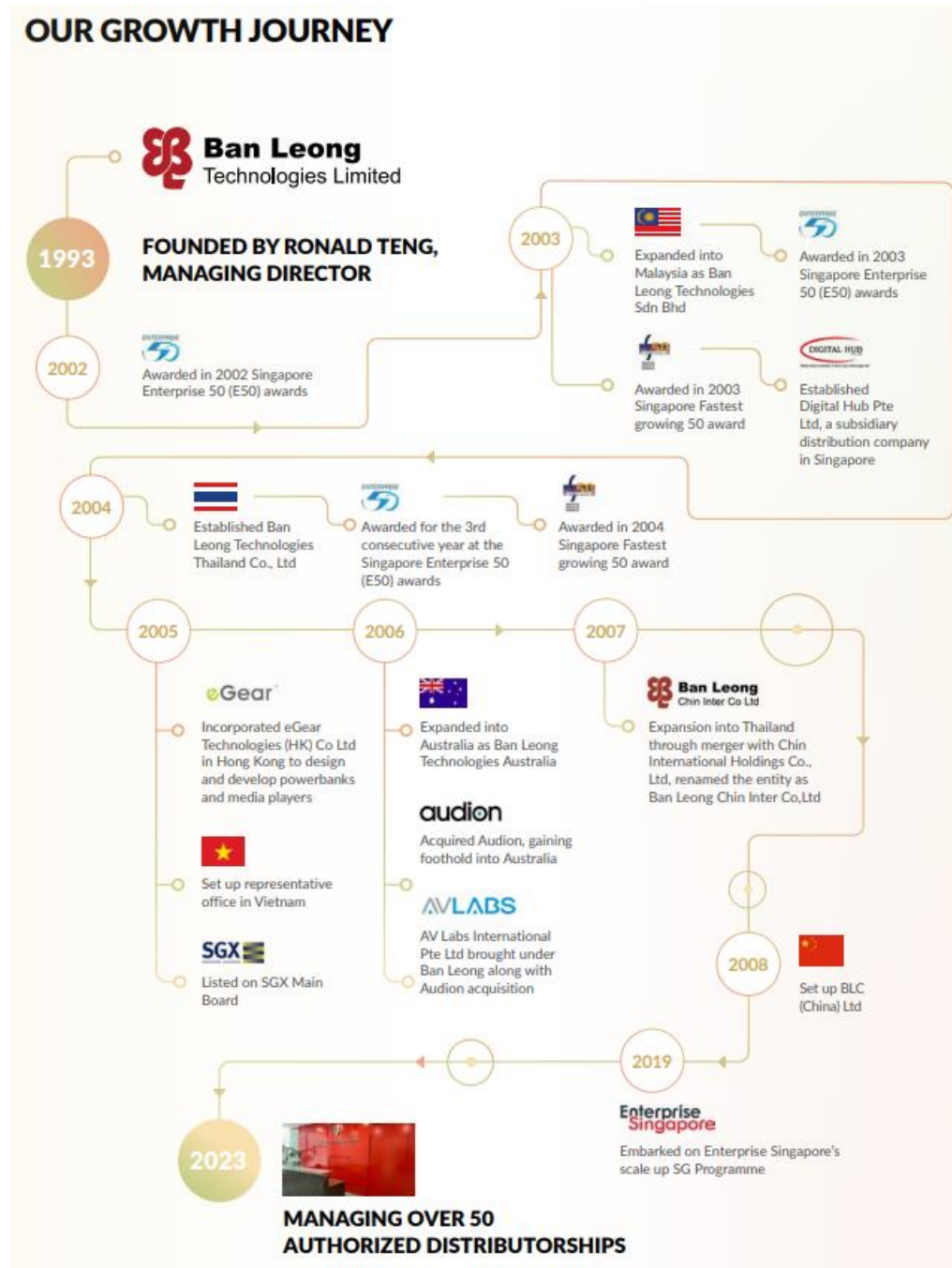
|                                | Group            |                | Company          |                  |
|--------------------------------|------------------|----------------|------------------|------------------|
|                                | 2023             | 2022           | 2023             | 2022             |
|                                | \$               | \$             | \$               | \$               |
| <b>Non-current</b>             |                  |                |                  |                  |
| Investment in convertible note | 1,329,000        | -              | -                | -                |
| Amount due from a subsidiary   | -                | -              | 1,329,000        | -                |
|                                | 1,329,000        | -              | 1,329,000        | -                |
| <b>Current</b>                 |                  |                |                  |                  |
| <b>Other receivables</b>       | <b>3,952,091</b> | <b>712,626</b> | <b>3,684,684</b> | <b>511,233</b>   |
| Right of return assets         | 405,034          | 108,499        | 320,051          | 68,939           |
| Deposits                       | 104,492          | 131,284        | 12,795           | 14,610           |
| Amounts due from subsidiaries  | -                | -              | 396,129          | 464,431          |
|                                | 4,461,617        | 952,409        | 4,413,659        | 1,059,213        |
| <b>Total</b>                   | <b>5,790,617</b> | <b>952,409</b> | <b>5,742,659</b> | <b>1,059,213</b> |

Other receivables include marketing receivables from suppliers.

(Source: company annual report; emphasis added)

- (iii) **What is the reason for the significant increase in "other receivables"?**
- (iv) As stated in Note 31 (Segment information; page 138), revenue in Malaysia experienced a significant decline of 47%, dropping from \$37.4 million to \$19.8 million. **What are the reasons for the steep decline in revenue in Malaysia?**

**Q2.** The group's growth journey is shown on page 3 of the annual report and reproduced below:



(Source: company annual report)

It seems that since 2008, the group has primarily emphasised organic growth and has not undertaken any significant development or expansion.

- (i) **Could the company provide insights into the specific objectives and goals that the group aims to achieve through its participation in Enterprise Singapore's Scale-up SG program? What progress has the group made?**
- (ii) **Can the company clarify its business activities and scale of operations in China?**
- (iii) **Apart from expanding the number of authorised distributorships, what other growth opportunities is the group considering or pursuing??**

During the financial year 2023, the group invested US\$1 million in a convertible loan in Oasis Holdings Pte Ltd (Oaxis Asia), a Singapore-based company specialising in the development of software for smartwatches designed for children.

- (iv) **How was the group introduced to Oaxis Asia and how does this investment align with the group's strategic objectives?**
- (v) **What were the investment criteria used to assess and value this investment in Oaxis Asia? Is Oaxis Asia considered a pre-revenue company?**
- (vi) **Did the board approve this investment in an early-stage company?**
- (vii) **Does management intend to pursue further investments in early-stage companies, similar to a venture capital approach?**

**Q3.** As disclosed in the corporate governance report, the internal audit function of the group is outsourced to Yang Lee & Associates (“IA”).

- (i) **What were the scope, key findings and recommendations by the internal auditor for FY2023?**
- (ii) **Can the audit committee confirm that the foreign operating subsidiaries in China, Malaysia and Thailand were included in the internal audit? How was the internal audit carried out for these foreign subsidiaries?**
- (iii) **What is the level of oversight by the audit committee on the actions taken by management to follow up on the recommendations??**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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