



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: IPC Corporation Ltd

Stock code: AZA

Meeting details:

Date: 29 April 2021

Time: 2.00 p.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. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

- (i) **Zhuhai: How badly affected was Zhuhai by the COVID-19 pandemic? Are there still restrictive safe management measures in place in Zhuhai? How strong is the general recovery in Zhuhai as vaccines are being rolled out?**
- (ii) **Real estate (Zhuhai): Can management present to shareholders the assets the group holds in Zhuhai, along with key information, such as size, type of asset, valuation and pictures?** As noted in the key audit matter in the independent auditor's report, the group has the following assets in Zhuhai: properties developed for sale, \$11.0 million (FY2019: \$18.3 million); properties held for sale, \$2.5 million (FY2019: \$3.0 million); Prepaid leasehold land, \$19.4 million (FY2019: \$18.5 million); and Property, plant and equipment \$26.3 million (FY2019: \$25.9 million).
- (iii) **Nest Hotel Japan Corporation:** NHJC initiated a cash injection to strengthen its capital base and secured total investments of JPY 550 million as at 31 January 2021. The group, having chosen not to participate in the recapitalisation, saw its stake of preferred shares get diluted from 80.8% to 42.8%. In FY2018, the group recognised the fair value gains of its stake in NHJC amounting to \$31.4 million. This was a non-cash, unrealised gain. In FY2019 and FY2020, the fair value losses were \$(11.6) million and \$(18.6) million respectively. **How does management see the future of NHJC? Does the group have influence and control over the day-to-day operations and on the strategic direction of NHJC? Did the group not participate in the recapitalisation because the group is uncertain of NHJC's future or that the price is not attractive enough?**

Q2. The company's vision and mission statements can be found on the inside of the cover page of the annual report. In its core values, the company has also pledged to adopt a "**Partnership**" approach to achieve "**win-win**" in all relationships [emphasis added].

Key management personnel compensation since FY2016 has been:

FY2016 - \$1,642,000
 FY2017 - \$1,642,000
 FY2018 - \$2,329,000
 FY2019 - \$1,576,000
 FY2020 - \$1,275,000

As noted in the chairman's statement, the five executive directors have voluntarily reduced 20% of their FY2020 remuneration, as did the non-executive directors, to stand in solidarity with stakeholders.

In the past 5 years, with the exception of FY2018, the executive directors did not benefit from any profit share. In FY2018, the executive directors received between 30%-39% in profit sharing, presumably due to the non-cash fair value gain of NHJC (to the sum of \$31.4 million). Since then, the group has recognised \$(30.2) million in fair value losses.

- (i) **Can the board/the remuneration committee (RC) confirm that the executive directors were paid a “profit sharing” based on the non-cash fair value gain of NHJC?** Based on the estimates, the profit sharing component was approximately \$686,000 in FY2018.
- (ii) **If so, can the RC also confirm that about \$(30.2) million out of the \$31.4 million fair value gains have been reversed?**
- (iii) **Is the RC going to claw back the profit-sharing from the executive directors?**
- (iv) In its core values, the company has made a pledge of partnership to achieve “win-win” in all relationships. **If the FY2018 profit-sharing was based on the unrealised fair value gains (which have now been reversed), will the executive directors voluntarily return the profit-sharing amount from FY2018, estimated at \$686,000 to the company?** Shareholders recognise that the executive directors have voluntarily taken a 20% reduction in FY2020, amounting to an estimated \$300,000. Directors can either take an additional voluntary reduction amounting to \$386,000 or return the full \$686,000 of profit-sharing received in FY2018 as a sign of goodwill and to honor the pledge of partnership.
- (v) **Will the RC be looking at finetuning the remuneration framework to only consider realised gains (and not fair value gains) in the calculation of profit-sharing for executive directors?**

Q3. In the corporate governance report, the nominating committee (NC) stated that it will tap on the directors’ resources for recommendations of potential candidates.

- (i) **Can the NC help shareholders understand if the newly appointed independent director, Mr Tan Cher Liang, was sourced from directors’ contacts?**
- (ii) **How does the sourcing of new directors from directors’ contact support the board diversity policy?**
- (iii) **Please also state the board diversity policy in the annual report and the progress made towards implementing the board diversity policy.**

The biographies of directors can be found on page 9 of the annual report. Additional information on directors seeking re-election can be found on pages 10 to 13.

Mr Tan is on the board of 6 other listed companies, namely: Ezra Holdings Limited, Food Empire Holdings Limited, Jumbo Group Limited, Kingsmen Creatives Limited, Vibrant Group Limited and Wilton Resources Corporation Ltd.

- (iv) **Can Mr Tan Cher Liang help shareholders understand how he would be able to devote sufficient time, energy and attention to matters of the group given that he is on the board of 7 listed companies and other foundations and associations?**
- (v) **Should Mr Tan be re-elected, would he commit to reduce his other commitments so as to afford more of his time, energy and attention to matters of the group?**

^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.

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)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US



^ 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>)