Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: PSC Corporation Ltd.

Stock code: DM0

Meeting details:
Date: 28 April 2023
Time: 4.00 p.m.
Venue: 348 Jalan Boon Lay, Singapore 619529

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Q1. As mentioned in the chairman's statement, the group has returned to its roots as PSC Corporation Ltd (普威集团). Management aims to build on this positive legacy and establish an even stronger connection with its customer base while also engaging with younger generations of consumers.

Now rebranded as PSC, management is looking to scale up the group, expand the market footprint and enlarge the mindshare of its brands. In July 2022, the company had proposed to acquire Novel Food Manufacturing and Dean Fa Food Co. Ltd., which were in the business of food manufacturing and distribution, and the development of equipment for food manufacturing and processing in Singapore, the PRC and Taiwan for $95.1 million. The proposed acquisition was terminated in October 2022 as the closing conditions could not be completed.

(i) **Can the board provide further details on the group's refreshed strategy and explain how it plans to achieve organic growth?**

(ii) **Will acquisitions be a major part of the group's growth plans? If so, could the board clarify the investment criteria for potential acquisitions? How is management conducting the search for potential acquisitions?**

(iii) **Is the group considering diversifying upstream into food equipment manufacturing and processing as part of its strategy? If so, does the board recognise any risks associated with venturing outside the group's circle of competence?**

Q2. The group's financial summary can be found on pages 10 and 11 while the operational review spans pages 12 to 21. In 2022, the group experienced a 3.7% increase in revenue, reaching $553.0 million. Net profit attributable to shareholders declined slightly to $19.5 million. This decrease was due to higher operational costs, which caused the overall gross profit margin to dip by 0.4 percentage points.

(i) **How does management balance providing value to customers and passing on cost increases due to inflation?**

(ii) **Have the selling prices been adjusted in 2022? What was the average increase, and what percentage of stock keeping units (SKUs) had a price revision?**

(iii) Despite a revenue increase of over a third to $28.5 million in 2022, Tipex and its subsidiaries barely broke even, with a profit of $39,000 and negative other comprehensive income of $(937,000). **What issues did Tipex face, and what are management's priorities for the company in 2023?**

(iv) **Has management assessed the effectiveness of the bus advertising campaign? How does it compare to online marketing?**

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(v) **Has C.K.H Food Trading met management's expectations since its acquisition? Did 123 Mart operations cease ten months after the group acquired the business?**

Q3. In their corporate governance statement, the board and management of the company and its subsidiaries emphasised the significance of maintaining high standards of corporate conduct to ensure good corporate governance. Management committed to adhering to the principles and guidelines outlined in the Code of Corporate Governance 2018 (last amended on 11 January 2023) (the "2018 Code") and its accompanying Practice Guidance.

Provision 3.3 of the 2018 Code requires the appointment a lead independent director to provide leadership in situations where the chairman is conflict, and especially when the chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the chairman or management are inappropriate or inadequate.

On page 36, the board acknowledged that it deviated from Provision 3.3 of the 2018 Code and committed to "take steps to comply with the 2018 Code as soon as practicable."

(i) **Can the nominating committee (NC) help shareholders better understand the challenges, if any, of appointing a lead independent director?**

(ii) **Has the board/NC established the selection criteria for appointing a lead independent director?**

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

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