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: Procurri Corporation Limited

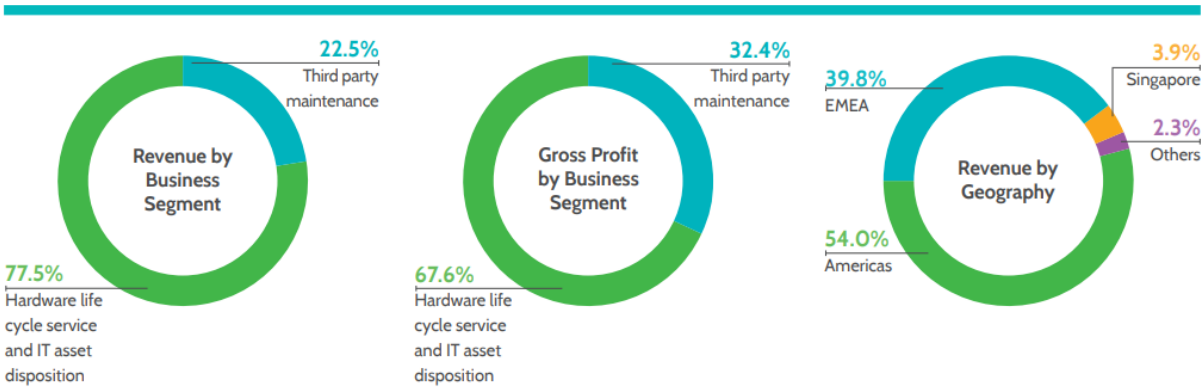
Stock code: BVQ

Meeting details:
Date: 26 April 2022
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.

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

Q1. The group carried out an internal restructuring, reorganising into Maintenance; Hardware and Lifecycle Services ("HW"); and IT Asset Disposition ("ITAD"). As shown in the financial review (page 12), the hardware life cycle service and IT asset disposition accounted for 77.5% of the group's revenue.

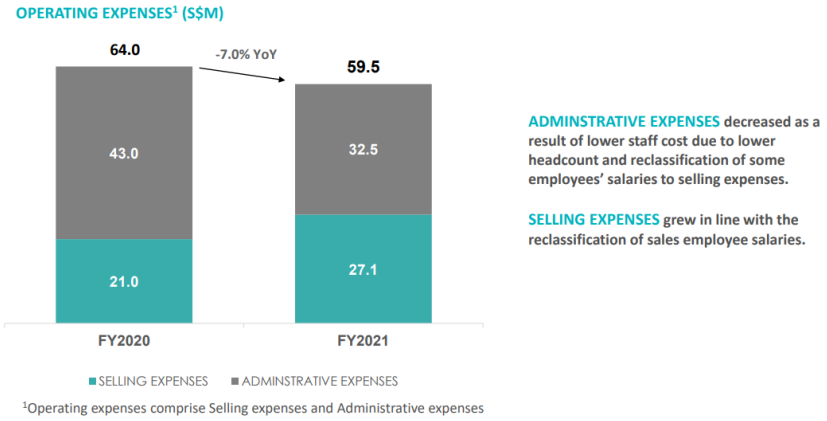


(Source: company annual report)

(i) **HW & ITAD: How well understood is the group's value proposition by its potential customers? With new products becoming increasingly energy efficient, would the group find itself constantly swimming against the current as corporations focus more on sustainability (energy efficiency)?**

(ii) **Can management elaborate further on the group's plans for HW & ITAD for Asia? Is the group looking at developing a market in Asia?**

(iii) **Sales expenses:** Selling expenses increased by 29% due to "reclassification of some sales expenses from administrative expenses". **Can the audit committee (AC) help shareholders understand if the classification of expenses has been carried out appropriately in the past? Please provide a breakdown of the selling expenses of $27.05 million in FY2021 (FY2020: $20.97 million) to show the impact of the reclassification.**



(Source: company FY2021 results briefing)

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

(iv) **Third party maintenance (TPM): What is management's strategy to reverse the drop in revenue from TPM? What are the major opportunities in the next 18-24 months? What is the typical duration of a TPM contract?**

Q2. "Inventories write-down" is one of the key audit matters (KAMs) highlighted by the independent auditor in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.

As shown in the Kam (page 76), the group's net inventories amounted to $20,928,000 as at 31 December 2021 and the allowance to write-down to net realisable value ("NRV") amounted to $9,951,000 during the financial year. The group's inventories mainly consist of
computer hardware and peripheral equipment, which are subject to risks of obsolescence due to technological advancements or changes in consumers' preference. The determination of inventory write-down to NRV requires management to exercise judgement in identifying slow-moving and obsolete inventories and make estimates of the quantum of such write down based on their market value.

(i) **What is the average age of the group's inventories following the write-down?**

The amount of inventories write-down increased to $9.95 million in FY2021. Since FY2017, the inventories write-downs were $7.36 million in FY2020, $2.00 million in FY2019, $2.97 million in FY2018 and $2.75 million in FY2017.

(ii) **Can management help shareholders better understand the reasons for the significant increases in inventories write-down in FY2020 and FY2021? Why was there an increase in "multi-generational inventories"? Does this refer to old/outdated inventories?**

To put things in perspective, net profit after tax in FY2021 and FY2020 amounted to $4.45 million and $2.70 million respectively.

(iii) **Was there under-provision in prior years for stock obsolescence? Or has management changed its stock obsolescence policy? What is the level of oversight by the AC on the group's stock obsolescence?**

(iv) **Would management be looking at how it could better optimise the restocking of its inventories so as to reduce inventories write-down?**

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

Q3. As disclosed in the corporate governance report, the group has an in-house internal audit function that is carried out by the Group's internal audit ("GIA").

The GIA is independent of the management and assists the group in evaluating and assessing the effectiveness of internal controls and to consequently highlight the areas where control weaknesses exist, if any.

GIA reports primarily to the audit committee ("AC") Chairman. GIA operates under a charter from the AC that gives it unrestricted access to review the documents, records, properties and personnel of the group and carries out his function in accordance with the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC is satisfied that the internal audit function is independent, effective and adequately resourced by personnel with the relevant qualifications and experience.

(i) **Can the AC confirm that the GIA is a single individual (page 65)?**

(ii) **If so, can the AC help shareholders understand how it determined that the GIA function is adequately resourced?** The group has a global network of 22 offices, 100+ countries under coverage and over 480+ employees.

(iii) **What was the scope of the internal audit in FY2021? Can the AC confirm that the major foreign subsidiaries were covered in the IA?**

(iv) **How did the closure of national borders affect the GIA and the scope of the internal audit?**

(v) **What were the key findings by the GIA for FY2021?**

^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.

^ 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)

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

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.

CONNECT WITH US