Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Stamford Tyres Corporation Limited

Stock code: S29

Meeting details:
Date: 31 August 2023
Time: 3.00 p.m.
Venue: 19 Lok Yang Way, Singapore 628635

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Q1. Revenue for the financial year ended 30 April 2023 slipped 1.1% to $188.3 million from $190.3 million in the previous year. Profit attributable to owners of the company amounted to $4.15 million in 2023 (2022: $3.89 million).

Below is a summary of the key financial highlights (page 19):



(Adapted from company annual report)

(i) **Revenue: In light of the declining revenue trend, has the board conducted a comprehensive assessment of the group's financial and operational performance and devised strategies to reverse the downward revenue trajectory? Could the board or management elaborate on any existing competitive advantages held by the group?**

(ii) **Commercial fleet servicing/total tyre management: Could management provide further insights into the contribution of commercial fleet servicing and total tyre management to the group's overall revenue? What significant growth opportunities have been identified in this segment?**

(iii) **Proprietary Brands:** As indicated in the financial and operations review, management noted that the group's proprietary brands (Sumo Firenza for tires and SSW for wheels) maintain steady demand in Singapore, Malaysia, Indonesia, and Thailand. **Has the management undertaken efforts to expand the reach of these proprietary brands, particularly SSW, beyond the Southeast Asian region? Furthermore, has there been an initiative to elevate these proprietary products to the status of global premium brands?**

(iv) **Africa and India: Could management elaborate on the strategic synergies of operating in South Africa? Are there plans to divest the South African operations, potentially to a dominant local trade buyer or conglomerate who can leverage its network to accelerate the growth in the business? Also, are there any intentions to fully exit the India market?**

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(v) **Return on equity (ROE): Could management provide the average ROE achieved by the group over the last 5, 10, and 15 years? Additionally, what is the estimated cost of capital, and has the group demonstrated a successful track record of creating long-term value for shareholders? Could management outline its strategy for enhancing profitability?**

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Q2. Would the board/management provide greater clarity to shareholders on the following governance matters? Specifically:

(i) **Roles of executive directors and CEO:** Mr Wee Kok Wah transitioned to the role of founder and senior advisor in November 2021. Apart from the one-off lump sum payment, Mr Wee Kok Wah was paid $498,000 for his role as founder and senior advisor in FY2023. Meanwhile, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann remain as executive directors while Mr Conson Tiu Sia assumed the role of chief executive director on 1 August 2023. **Can the board help shareholders better understand the responsibilities and deliverables of the founder and senior advisor? In addition, what are the roles and responsibilities of the two executive directors and the CEO and is there a significant overlap in duties between the two executive directors and the CEO? If such an overlap exists, how are the performance assessments of the executive directors and the CEO conducted in the performance review process?**

(ii) **Directors' fees:** At the annual general meeting scheduled to be held on 31 August 2023, shareholders will be asked to approve the directors' fees of up to $232,477 for the financial year ending 30 April 2024. The directors' fees paid for the financial year ended 30 April 2023 was $301,799. For the financial years ended 30 April 2021 and 2022, shareholders approved directors' fees of up to $210,296. **What are the reasons for the substantial increase in directors' fees for FY2023? What factors contributed to the fluctuation in fees over the past 3-4 years?**

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Q3. Mr Leslie Mah Kim Loong, who retires under Regulation 111 of the constitution of the company, although eligible, has expressed his intention to retire at the AGM and will not be seeking re-election. Mr Leslie Mah Kim Loong was appointed to the board on 1 December 2012.

Resolution 4 in the notice of annual general meeting seeks to re-elect Mr Sam Chong Keen, who is retiring as a director pursuant to Regulation 111 of the company's constitution. Mr Sam Chong Keen was first appointed as an independent director in 1994 and has served as the chairman since 2012.

If re-elected, Mr Sam Chong Keen will remain as chairman of the board, nominating committee (NC) and remuneration committee and a member of the audit committee.

Additional information on directors seeking re-election can be found on pages 142 to 144 of the annual report.

(i) **What deliberations took place within the board and/or the NC regarding the recommendation for the re-nomination and re-election of Mr. Sam Chong Keen?**

(ii) **Considering Mr. Sam Chong Keen's roles as the chairman of the board and the NC, to what extent did the NC maintain effectiveness and independence in its decision-making process concerning the re-nomination of directors with long tenures?**

(iii) **Could the company provide shareholders with a clearer understanding of the total shareholder return during Mr. Sam Chong Keen's tenure as chairman (2012-2023)? If he is re-elected, could the director elaborate on the ways he intends to enhance the board's effectiveness? Has the director assessed the group's average Return on Equity (ROE) over the past 5-10 years and how has he contributed to improving these returns? (Refer to Question 1)**

(iv) **Should Mr Sam Chong Keen, the NC chairman and the chairman of the board, lead by example and re-consider his re-election?** Such a proactive move would signal a commitment to maintaining high corporate governance standards and sound corporate practices, particularly with regard to capping the tenure of independent directors on the board.

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

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