Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Top Global Limited

Stock code: BHO

Meeting details:
Date: 28 April 2021
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.

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Q1. Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

(i) **Investment properties (retail):** The group recognised an impairment loss of $6.2 million on its retail property units. **What is the $6.2 million impairment loss? How much of it was attributable to the shophouse at Lorong Mambong and how much was due to the four retail units at Thong Teck Building? Please disclose the individual valuations.**

(ii) **Occupancy rate:** In addition, the group has 17 units at The Quinn (freehold condominium) and 39 office units at Thong Teck Building. **What was the occupancy rate prior to COVID (as at 31 December 2019) and at the end of the financial year (31 December 2020)? What was the rental yield achieved in FY2019 and FY2020?**

(iii) **Bogor/Cileungsi: Can management help shareholders understand the ground sentiments in Bogor and Cileungsi as a result of the coronavirus pandemic? How badly affected were the cities? What is the pace of recovery witnessed in the past 2-3 months as the country rolls out its vaccination?**

Q2. At the EGM scheduled to be held on 28 April 2021 following the conclusion of the AGM, the company is proposing to diversify into the provision of smart solutions and products to businesses ("Smart Solutions Business") and the provision of original design manufacturing ("ODM") services in the area of Artificial Intelligence ("AI"), Internet of Things ("IoT") and embedded systems (the "ODM Business") as new core businesses of the group.

On pages 8 and 9 of the annual report, the company showcased its Smart solutions and the achievements in the ODM business.

(i) **Has the group already identified customers with ready orders in the smart solutions and ODM businesses?**

The group has net debt of $138 million and total equity of $369.6 million as at 31 December 2020 (page 151). The gearing ratio, calculated as net debt divided by total capital, is 27%.

(ii) **In the board's approval process for the proposed diversification, what is the amount earmarked to support the new businesses?**

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(iii) **What is the projected ROI?**

(iv) **How does the group intend to compete against other technology start-ups in the Chinese market?**

In addition, for FY2020, the board has not declared dividends as the directors deemed it more appropriate to retain the cash in the group to expand the group's business. The group has total assets of $564 million (FY2019: $593 million) and has not paid a dividend to shareholders since 2004.

(v) **What deliberations did the board have in terms of conserving cash to fund future growth and providing returns to shareholders in the form of dividends?**

(vi) **Would the board consider formulating a sustainable dividend policy to address the competing uses of cash given that it already has a sizable asset base that can be better managed to address both needs?**

Q3. In Note 32(b) (page 154 – Related party transactions: Key management personnel compensation), the company disclosed that the remuneration paid to directors in FY2019 and FY2020 were $5.335 million and $4.187 million respectively.

	Group	
	2020	**2019**
	$'000	**$'000**
Comprised amounts paid to:		
Directors of the Company	4,187	5,335
Directors of subsidiary corporations	1,601	2,589
Other key management personnel	505	394
	6,293	8,318

(Source: adapted from company annual report)

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However, in the corporate governance report, directors' remuneration is disclosed as follows:

Directors' Remuneration FY2020

Name of Director	Salary %	Bonus %	Fees %	Fringe Benefits %	Allowances %	Total %
S$2,250,000 to S$2,500,000						
Madam Oei Siu Hoa @ Sukmawati Widjaja	46	50	2	2	–	100
S$1,750,000 to S$2,000,000						
Mr Hano Maeloa	51	42	2	5	–	100
S$750,000 to S$1,000,000						
Ms Jennifer Chang Shyre Gwo	50	42	5	–	3	100
Below S$250,000						
Dr Lam Lee G	–	–	100	–	–	100
Mr Yeo Chin Tuan Daniel	–	–	100	–	–	100
Ms Mimi Yuliana Maeloa	–	–	100	–	–	100

Directors' Remuneration FY2019

Name of Director	Salary %	Bonus %	Fees %	Fringe Benefits %	Allowances %	Total %
S$2,250,000 to S$2,500,000						
Madam Oei Siu Hoa @ Sukmawati Widjaja	46	51	2	1	–	100
S$1,750,000 to S$2,000,000						
Mr Hano Maeloa	51	42	2	5	–	100
S$750,000 to S$1,000,000						
Ms Jennifer Chang Shyre Gwo	50	42	5	–	3	100
Below S$250,000						
Dr Lam Lee G	–	–	100	–	–	100
Mr Yeo Chin Tuan Daniel	–	–	100	–	–	100
Ms Mimi Yuliana Maeloa	–	–	100	–	–	100

(Source: adapted from company 2019 & 2020 annual reports)

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(i) **Can the board/nominating committee (NC) confirm that the FY2019 and FY2020 remuneration tables above are updated and accurate?**

(ii) **If so, can management help shareholders reconcile the earlier disclosure in Note 32(b) that the executive directors received $5.095m ($5.335m - $0.24m) in FY2019 and $3.932m ($4.187m - $0.255m) in FY2020?** Adding up the minimum disclosed remuneration for the 3 executive directors in FY2020 would give a total of $4.75 million, which is above and significantly different to the $3.932 million ($4.187m - $0.255m) amount disclosed on page 154. Even if one were to consider the remuneration of directors of subsidiary corporations, it would not tie in with the table shown in the corporate governance report.

In addition, in a year when the group recognised a loss of $(16.0) million, the directors received bonuses of 42% to 50% based on page 27 of the annual report.

The remuneration committee has stated that the fixed and variable components are in the form of a base salary and variable bonus that are linked to the performance of the company and individual (page 26). The company also stated that it adopted the objectives as recommended by the Code of Corporate Governance 2018 to determine the framework and levels of remuneration for directors and key management personnel so as to ensure that it is competitive and sufficient to attract, retain and motivate the individuals who possess the required experience and expertise to run the group successfully, without being excessive.

It further added that the performance-related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the executive directors and key management personnel and in order to promote the long-term success of the company.

(iii) **Can the RC help shareholders understand if the executive directors are meaningfully assessed on their performance?**

(iv) **What is the basis of the RC's view that the remuneration framework achieves pay-for-performance after taking into account the group and the individual's performance?**

^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.

^ 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)

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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

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