



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: VibroPower Corporation Limited

Stock code: BJD

Meeting details:

Date: 28 July 2022

Time: 9.00 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.

Q1. As noted in the chairman’s message, the group invested \$1.0 million in a biomass power plant in Malaysia, based on its 40% equity interest in VibroPower Green Energy Sdn Bhd (“VGE”). The 20 megawatts power plant uses disposed empty fruit bunches of oil palm as feedstock for power generation.

The investment is a tangible step in the group’s journey towards developing a clean energy business segment and the group is still on the lookout to expand its clean energy segment including other clean-energy businesses and products, such as new generation non-lithium batteries for use in electric vehicles.

(i) **As the group seeks to expand its clean energy business segment, what is the group’s competitive advantage in this segment?**

The group’s performance since 2010 is shown below. The group recognised large losses in 2015, 2019 and 2022. From having retained earnings of \$8.1 million as at 31 December 2010, the group has since descended into a position of accumulated losses of \$(3.6) million as at 31 March 2022.

Equity attributable to owners of the company was around \$21-22 million in the early 2010s and have since dropped to \$14.7 million as at 31 March 2022 despite the company raising additional capital of \$3.76 million in FY2020.

FINANCIAL HIGHLIGHTS (\$MIL)						
	2010	2011	2012	2013	2014	2015
Turnover	32.8	31.6	39.1	31.0	28.2	17.7
(Loss)/Profit before Tax	(0.4)	0.3	2.5	0.5	1.7	(8.3)
Shareholders’ Equity, Attributable to Equity Holders of the Company	22.1	21.8	22.1	21.1	23.0	15.4
Total Assets	33.4	43.1	45.0	43.5	40.7	35.7

FINANCIAL HIGHLIGHTS (\$MIL)						
	2016	2017	2018	2019	2020	2022
Turnover	25.0	14.3	15.5	11.0	12.3	15.2
(Loss)/Profit before Tax	0.6	0.5	0.8	(2.8)	0.1	(3.3)
Shareholders’ Equity, Attributable to Equity Holders of the Company	16.4	16.4	16.9	13.8	17.7	14.7
Total assets	34.2	33.4	34.1	28.0	31.0	28.3

(Source: company annual reports)

(ii) **Can management help shareholders better understand how it has demonstrated its ability to create value for shareholders over the years?**

- (iii) **How is management leveraging the group's "strong reputation and credibility in the generator industry built over the last 30 years¹" to generate sustainable and increasing profits for shareholders?**
- (iv) The last dividend paid out by the company was for FY2014, amounting to 1.5 cents per share. **What guidance has the board given to management with regard to generating returns for shareholders via dividends?**

As noted in the corporate governance report, the board's main roles include (page 10; The board's conduct of its affairs):

- Providing leadership, setting strategic objectives, which include appropriate focus on value creation, innovation and sustainability and ensuring that the necessary resources are in place for the Company to meet its strategic objectives;
- Reviewing management performance, approving annual budgets, funding requirements, expansion programs, capital investment, and major acquisitions and divestments proposals.

- (v) **Did the board review and assess the performance of management?**
- (vi) **Is the board satisfied with the performance of the executive director and CEO?**

It is noted that the executive director and CEO, Mr Benedict Chen Onn Meng, is also one of the group's founders and has been with the group since 1995. Mr Benedict Chen Onn Meng was appointed as the managing director and chief executive officer of the group on 22 August 2000. The company has stated that there are no other key management personnel except for Ms Sia Huai Peng who is the company secretary.

- (vii) **Does the group have the necessary human resources in place for the group to meet its objectives?**
- (viii) **What is the depth of the group's leadership bench strength (and future pipeline) in the core functions of the group, such as operations, technical, logistics etc?**
- (ix) **Has the board evaluated the key man risk and whether there is an appropriate system of checks and balance in the group since the company does not have any other key management personnel in the operations except for the executive director and CEO?**
- (x) **Separately, for the benefit of shareholders, can management provide an update on the progress of the lawsuit against the former business partner to recover \$1.7 million? Who is representing the group?**

¹ https://links.sgx.com/FileOpen/VCL_Annt_100520.ashx?App=Announcement&FileID=609997

Q2. Based on the latest financial results, the group has net asset value of S\$14.7 million. This was after the group recorded a net loss after tax of \$(3.3) million which included \$(1.0) million in provisions for slow-moving inventories and \$(1.0) million in impairment losses on financial assets.

Given the current volatility in material prices, disruptions in the supply chain and escalating logistic and energy costs, management is cognisant of the heightened risks and will be selective and strategic in tendering for and pricing new projects. The group will perform additional and enhanced review of customer default risks (page 3).

As noted in the independent auditor's report, the "recoverability of trade receivables" and "allowance for slow-moving inventories" are the two key audit matters highlighted in the independent auditor's report (page 32).

The group recognised \$(1.06) million in expected credit loss on trade receivables.

- (i) **For shareholders' information, can management provide greater clarity on the profile of the customer who had defaulted? Was a single customer responsible for the total amount?**
- (ii) **Did the board review if the group's credit framework and policies were observed?**
- (iii) **Does management monitor the group's customers with large trade receivables and contract assets regularly to assess the group's credit risks? Did management observe any deterioration in creditworthiness or any red flags before the customer went into liquidation?**

Separately, the group held inventories of \$2.57 million as at 31 December 2020 and recognised \$(1.04) million in provisions for slow-moving inventories (FY2020: \$(176,000)).

- (iv) **What were the reasons for the significant increase in provisions for slow-moving inventories?**
- (v) **What is the average age of the group's inventories following the write-down?**
- (vi) **Was there under-provision in prior years for stock obsolescence and slow-moving inventories?**
- (vii) **What is the level of oversight by the AC on the group's inventory and stocking policies?**

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

Q3. The composition of the board committees and the attendance of directors at board and board committee meetings are shown below:

Name of Director	Board Membership	Audit Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
Benedict Chen Onn Meng	Executive Director and Chief Executive Officer	-	-	-
Ernest Yogarajah Balasubramaniam	Non-Executive Chairman	Member	Member	Member
Toh Shih Hua	Lead Independent and Non-Executive Director	Chairman	Member	Chairman
Tan Poh Chye Allan	Independent and Non-Executive Director	Member	Chairman	Member

The attendance of the Directors at meetings of the Board, Board Committees and Annual General Meeting, as well as the frequency of such meetings held during FY2022 are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
No. of meetings held	3	2	1	1	1
No. of meetings attended by the Directors					
Benedict Chen Onn Meng	3	2	1	1	1
Ernest Yogarajah Balasubramaniam	3	2	1	1	1
Toh Shih Hua	3	2	1	1	1
Tan Poh Chye Allan	3	2	1	1	1

(Source: company annual report)

As seen in the table above, the executive director and CEO, Mr Benedict Chen Onn Meng, attended all the board committee meetings even though he is not a member of the board committees. It would appear the board committee meetings are attended by all the directors, making them the same as board meetings.

Such board committee meetings would have included agenda items on interested person transactions, performance assessment, remuneration of the executive directors and the audit/financial reporting/internal controls of the group.

- (i) **Is it a board-approved practice for non-board committee members (i.e. the executive director) to attend board committee meetings?**

- (ii) **What are the board’s governance structure and “Chinese walls” that are put in place at the board committee meetings when the independent directors on the board committees may be reviewing and discussing matters that are related to or affect the executive directors?**
- (iii) **Does the executive director also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from board meetings?**
- (iv) **Are the independent directors able to conduct the board committee meetings without the executive director in attendance?**
- (v) **Are the committees able to make decisions objectively and independently?**

^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.

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.

[^] 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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