

REPL::ANNUAL GENERAL MEETING::VOLUNTARY

Issuer & Securities

Issuer/ Manager

TECKWAH INDUSTRIAL CORPORATION LTD

Security

TECKWAH INDUSTRIAL CORP LTD - SG0561000464 - 561

Announcement Details

Announcement Title

Annual General Meeting

Date & Time of Broadcast

17-Jun-2020 07:44:06

Status

Replacement

Announcement Reference

SG200527MEETLSR1

Submitted By (Co./ Ind. Name)

Lo Swee Oi

Designation

Company Secretary

Financial Year End

31/12/2019

Event Narrative

Narrative Type	Narrative Text
Additional Text	<p>Please refer to the following documents attached:</p> <ol style="list-style-type: none"> 1. Notice of Annual General Meeting ("AGM") 2. Proxy Form for AGM 3. Announcement on participation in AGM by electronic means
Additional Text	<p>Please refer to the announcement on Responses to Substantial and Relevant Questions by Shareholders on Teckwah's Annual Report for the Financial Year Ended 31 December 2019</p>

Event Dates

Meeting Date and Time

18/06/2020 10:00:00

Response Deadline Date

15/06/2020 10:00:00

Event Venue(s)

Place

Venue(s)	Venue details
Meeting Venue	The AGM will be held by electronic means on Thursday, 18 June 2020 at 10.00 a.m. (Singapore Time) . Shareholders will not be able to attend the AGM in person.

Attachments

[1.%20Notice%20of%20AGM.pdf](#)

[2.%20eAGM%20Proxy%20Form.pdf](#)

[3.%20Ann-Participation%20in%20AGM%20by%20electronic%20means.pdf](#)

[Response%20to%20substantial%20%20relevant%20qns%20fm%20shrs%20-%20final.pdf](#)

Total size = 1170K MB

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Responses to Substantial and Relevant Questions by Shareholders on Teckwah's Annual Report for The Financial Year Ended 31 December 2019

Teckwah Industrial Corporation Ltd (the "Company"), together with its subsidiaries (the "Group"), wishes to thank shareholders for their questions. The substantial and relevant questions are set out below.

1. Can the Company give an update on the impact of the COVID-19 pandemic on its operations and its recovery from the pandemic?

Further to our update on 13 May 2020, via an SGX announcement (available at <https://www.teckwah.com.sg/Upload/FinAnnounce/2020051409272118029.pdf>) on the Group's operations in light of the COVID-19 pandemic and Circuit Breaker Measures, the Board is pleased to inform that since 2 June 2020, our businesses in Singapore, including our subsidiary, Profoto Digital Services Pte. Ltd. ("Profoto"), and our overseas entities have all resumed full on-site operations. We have been taking all precautions to prevent the spread of COVID-19 and for the health and well-being of our staff.

The economic climate has changed drastically since the end of our financial year 2019 ("FY2019"). Singapore is entering a recession, with GDP forecast at between -7.0% to -4.0%. Our major trading partners like China, the United States, ASEAN and the Eurozone countries are all entering a recession. Added to this is the worsening trade dispute and relations between the United States and China. These will slow down global economies and impact Teckwah and other businesses as well. Despite the gloomy forecast, we remain confident of being able to cope with any obstacles ahead. We embarked on our digitalisation journey in 2018 and our workforce is continually re-skilling and upskilling to keep up with new technology. We are ready for the digital economy which has been speeded up due to the pandemic. We will continue to exercise financial prudence and focus on cost management, improve productivity and increase efficiency. The Board trust that you will continue to support us and journey with us to come out stronger and poised for new opportunities ahead.

2. How badly affected is the new Lifestyle business given that retail and mall activities are severely restricted during this period due to the pandemic? In view of the COVID-19 outbreak and the shift to e-commerce, what is the board's assessment of the long-term growth trajectory of the Lifestyle business?

Although there are short-term disruptions in light of the COVID-19 pandemic, in the long-term we are still confident of the growth trajectory of the Lifestyle business. The luxury and travel retail segment will eventually rebound which will benefit Profoto as many of its clientele are in this segment. Consumers will still purchase luxury products in-store which bodes well for Profoto's in-store display and other services. Apart from the physical store support and build we are also working with clients on their digital solutions. This will help cushion the impact of e-commerce on in-store sales.

The acquisition of Profoto Digital Services Pte. Ltd. ("Profoto") was made with the long-term strategic growth of the Group in mind (please refer to the SGX announcements dated 30 April 2019 and 15 January 2020 and the announcement pursuant to Rule 1013(3)(a) of the Listing Manual of SGX-ST for details of the acquisition of Profoto which are available at <https://www.teckwah.com.sg/Upload/FinAnnounce/2019050310110906273.pdf> and <https://www.teckwah.com.sg/Upload/FinAnnounce/2020011611014339083.pdf>). The acquisition was to enhance our already extensive range of supply chain services and product offerings, providing a one-stop solution and seamless experience in printing packaging, logistics and digital services which would include Profoto's immense expertise in project management, fabrication of props, window display and events set-up. These competencies are not easy to replicate and would have taken a considerable amount of time to build up in-house.

3. Since the acquisition of Profoto, has the group managed to up-sell/cross-sell to its customers?

Yes, we are working on several projects, for example in consumer electronics, where we have integrated Profoto's solutions; we have also cross-sold our packaging printing solutions to our customers in our Lifestyle business.

4. What is the amount of capital expenditure earmarked to set up the Smart Logistics Centre? Can management help shareholders understand how revolutionary the Smart Logistics Centre is? Who are the potential customers and what projects can the group take on with the new Smart Logistics Centre?

You will note that our capital expenditure in logistic operations over the last couple of years has not been significant and has been stable. Investments in new plant and technology across the Group for upgrading and automation were part of the Group's Digital Transformation & Innovation ("DTI™") Programme which was launched in 2018. The continued capital investments in both our Packaging Printing and Logistics segments are to upgrade our machines, and also to digitally transform key areas and processes. The Smart Logistics Centre is a new way of digitalising our warehouse logistics operations which traditionally rely heavily on manual labour. It will leverage on appropriate technologies and automation to gradually replace manual and repetitive task. The proposed usage of a Vertical Storage System and Material Handling Equipment will enable us to minimise space requirements, thus deriving cost savings. Our Smart Logistics Centre will be equipped to serve all industries regardless of the size of the project but our present customer logistics requirements such as those in mission critical industries will be among the first to benefit

from the capabilities of our new centre. We have always been cautious in our capital expenditure spending with our investment mainly on capability upgrading and enhancement and to ensure that spending matches demand. We will continue to spend cautiously and watch the market situation closely to review our capital expenditure as we go along.

5. Why has the company not increased its dividend despite the net cash of S\$40m and ownership of the HQ building?

Our commitment to our shareholders has always been to pay stable and consistent dividends all these years. It is in our interest to maintain sustainable returns to shareholders in the form of dividends whilst balancing sustainable long-term growth. As the current COVID-19 pandemic situation demonstrates, there is great merit in exercising financial prudence. With steady cash flow and a healthy balance sheet, the Group is well-able to ride out the unprecedented downturn facing all businesses. We are mindful of our share price, and we firmly believe that focusing on the core values of our business will bring sustainable value to our shareholders. This is a key consideration of the Board and we will keep on striving to achieve this.

6. Three independent directors are with Teckwah for more than 25 years. Profitability has been stagnant. What is the plan to renew the board?

We would like to record the immense contribution of our Board of Directors in setting the strategic direction of the Group all these years. We are mindful of the fact that Board and Management renewal is imperative for the continued growth of the Group. The Chairman and Nomination Committee are in constant search of suitable candidates outside of the organisation. We have confidence and trust in the Nomination Committee and their processes to find suitable candidates.

7. Would the board help shareholders understand if there were extenuating circumstances that led directors to miss the board and board committee meetings in the past 4 years?

The company secretary is in close communication with all Board members, both independent and executive. Nevertheless, as most of the Board members are holding full-time positions in their respective organisations, on some occasions, individual members have found themselves facing extenuating and unavoidable challenges which resulted in their absence from the meetings in question. Aside from the various scheduled Board meetings which have been reported in our FY2019 Annual Report (on page 39), Board members have met informally on other occasions to discuss important and pressing issues.

8. Ownership of the Company is 35% but nine family members work in Teckwah with minimal external work experience. What is the plan to professionalise the Company?

We refer to page 191 and 190 of the Company's FY2019 Annual Report which give an accurate and detailed percentage distribution of the shares of Company with the list of the twenty largest shareholders and substantial shareholders as at March 30, 2020.

The Management and Senior Management of Teckwah already include non-family related professionals who have been with the organisation for many years. Some have risen from within the ranks to assume senior positions. We have an established selection process for appointments to Management and Senior Management positions. The stringent criteria for appointment to such positions include job experience, educational qualifications as well as aptitude, attitude and mindset. These criteria apply to everyone, regardless of their background. Family members who meet these criteria are not excluded from such positions, given their strong sense of ownership and deep commitment to the company.

9. Why do you have a resolution to issue new shares when Teckwah has net cash of S\$40m (due to low dividend) and owns its HQ?

It is common for Singapore-listed companies to seek such a mandate to avoid the additional time and expense which may be incurred to call for an EGM to raise future funds in this manner. The decision to issue new shares is not one that is taken lightly and the Board of Directors and Management will exercise any mandate given with the utmost due diligence and circumspection. The resolution has been regularly tabled at our AGM. Shareholders have the opportunity to vote on any such resolutions at the Annual General Meeting and in this respect, shareholders' interests are protected.

The Board of Directors and Management of Teckwah always act in the interest of the long-term, sustainable growth of the Group and its shareholders. We have grown the Group these 52 years from a manufacturer of plain paper boxes to a multi-business organisation with competencies spanning the entire supply chain from packaging printing and logistics to digital solutions for a range of industries. With a customer-centric approach to our business, it is the purpose of the Group to be able to serve our clientele well and reward our shareholders consistently despite any economic downturns and financial upheavals.

By Order of the Board

Lo Swee Oi
Company Secretary
17 June 2020