



Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Powermatic Data Systems Limited

Stock code: BCY

Meeting details:

Date: 26 July 2023

Time: 2.00 p.m.

Venue: 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095

Q1. As noted in the chairman's statement, revenue increased by 11% to reach \$30.9 million compared to \$27.9 million in FY2022. Profit before taxation was 19% higher at \$11.6 million, from \$9.7 million in the previous year. Overall, the group's operations showed sustained improvements - gross margin increased from 47.7% to 49.8%; profit margin before tax increased from 34.9% to 37.5%; and earnings per share improved by 16.1% from 23.38 cents to 27.14 cents.

The group's product development and R&D efforts will be focussed on WiFi 7 which boasts speeds four times faster than WiFi 6. According to the chairman's statement, the group is actively preparing products to meet customer needs as they explore the potential of WiFi 7.

- (i) **Can management provide shareholders with a clearer understanding of the potential and addressable market for the 11be wireless modules (WiFi 7)? What are the potential applications of WiFi 7, and does the group find itself in a position where customer education regarding the benefits of WiFi 7 is necessary?**

During the year, the group added "a number of new relationships (from different industries)" to its portfolio. In the company's profile (page 4), it is shown that the group has established itself as a leading provider of wireless solutions across a diverse array of industries, including enterprise, transportation, industrial automation, and cybersecurity applications. Two customers with revenue transactions of \$10,149,000 and \$3,613,000 accounted for 33% and 12% of the total revenue of the group for the reporting year.

- (ii) **How does the group acquire new customers?**
- (iii) **Can management show the distribution of revenue by industries?**

Separately, on 6 July 2023, the company announced the proposed redevelopment of freehold investment property owned by the group located at 7 and 9 Harrison Road into an 8-storey multiple-user industrial development for food production, with a view to selling the units to third party buyers upon completion. Previously in June 2021, the company had proposed to dispose of its entire interest in 7 and 9 Harrison Road by effecting a dividend in specie (DIS) of Harrison Pte. Ltd.

- (iv) **Can management clarify if the redevelopment and conversion of 7 and 9 Harrison Road into food production (strata) units has always been an option for the group (even back in 2021)? If so, how did it decide to carry out a DIS in 2021 and what are the factors that led the company to proceed with the redevelopment now?**
- (v) **What are the roles played by the independent directors to ensure that the interests of all shareholders, especially minority shareholders, are safeguarded?**

Q2. For FY2023, the group recognised impairment on asset (inventories) amounting to \$1,014,000 (FY2022: \$256,000). Management has attributed it to requests from a number of key customers to defer the shipment of finished products they ordered due to slower demand for their own products or cancellations and deferrals by their own customers.

The company further explained that once an order is confirmed, the group initiates the procurement of key materials, and these orders are typically non-cancellable. Consequently, the company had to make a \$1.0 million impairment on inventories in FY2023, representing a \$0.7 million increase compared to FY2022.

- (i) **Can management help shareholders better understand the terms of its contracts with customers? Why does the group assume the inventory and cancellation risks, even for confirmed orders by customers? Are there any contractual rights in place regarding the cancelled orders? Furthermore, is the current system vulnerable to potential misuse by customers to fulfil their supply chain needs without incurring any costs on their part?**
- (ii) **Will the board be leading a review of the group's contracts to balance customer acquisition/growth and protecting the interests of the company?**

Q3. The company appointed Professor Cham Tao Soon as an independent director on 19 May 2023. The biography of Professor Cham can be found on page 8 of the annual report. Additional information on directors seeking re-election (and re-appointment) can be seen on pages 101 to 106.

The announcement of appointment of Professor Cham Tao Soon can be found here:

<https://links.sgx.com/1.0.0/corporate-announcements/SE1ALKLQ00PEC35P/e10c0946b15418eed3e56b7f19599b9b10206b284298a3afe7ab48661ee3880e>

An extract is shown below:

CHANGE - ANNOUNCEMENT OF APPOINTMENT::APPOINTMENT OF INDEPENDENT DIRECTOR

Date Of Appointment

19/05/2023

Name Of Person

Cham Tao Soon

Age

84

Country Of Principal Residence

Singapore

The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)

The Board of Directors ("the Board") has reviewed the qualifications and experience of Professor Cham Tao Soon ("Professor Cham") and following the recommendation of the Nominating Committee, is of the view that based on Professor Cham's qualifications and working experience, he will be able to contribute positively to the Company. The Board has therefore approved the appointment of Professor Cham as an Independent Director of the Company.

Whether appointment is executive, and if so, the area of responsibility

Independent Director

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)

Independent Director

Professional qualifications

Doctorate of Philosophy (Fluid Mechanics) from University of Cambridge

Fellow of the Institution of Engineers, Singapore

Professional Engineer (Civil Engineering, Mechanical Engineering, Marine Engineering)

Fellow of the Institution of Mechanical Engineers, UK

(Source: company announcement)

- (i) **Would the board, particularly the nominating committee, elaborate further on the selection criteria, board diversity considerations and the search and nomination process, that led to the appointment of Professor Cham Tao Soon, as required in the SGX template?**



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