

Study on
Directors' Remuneration
In
Public-Listed Companies

July 1996

by

RDS Remuneration Data Specialists Pte Ltd

Directors' Remuneration

Introduction

With managers' salaries in Singapore among the highest in the world, many shareholders and investors of public-listed companies are wondering if this has affected directors' pay.

From this year onwards, listed companies will be required under a new SES requirement to disclose more information on how much their directors are being paid. Up till now, little has been published on the subject and currently, listed companies only need to list the total amount paid to their directors as remuneration¹ and/or fees.

This study looks at how much executive directors as a group are being paid and whether the amount paid has any relationship to business activity, company size or performance.

Summary

Public-listed companies in Singapore have on the average 4 executive directors (including the Chairman). In 1994 the amount paid by individual companies to their executive directors as a group varied very substantially from \$36,000 to over \$10 million per annum. At first glance, there was no clear pattern as to how these listed companies paid their executive directors. On further analysis, however, it appeared that the amount paid depended on type of business activity and company size in terms of shareholders' funds. Company's performance had little or no correlation apart from the fact that, generally the larger the company, the higher were the profits.

¹ Directors' remuneration covers all cash and non cash payments such as salaries, bonuses, allowances & the cost of providing benefits in kind.

Stockbroking companies paid the most, followed by banks and, surprisingly, retail companies. The lowest paying companies were the government linked companies (GLCs) and the hotel companies. Within the same business sector, the larger the companies the more they paid their executive directors.

In 1994, the public-listed companies in Singapore spent on the average about 8 per cent of their profits before tax on directors' remuneration.

A total of 177 listed companies were analysed, out of which 168 companies paid some form of remuneration to their executive directors. The average remuneration (in \$,000) paid to the directors' as a group in these 168 companies broken down by business sector and shareholders' funds is given in Table 1 below.

Table 1:

Shareholders Funds in millions	< 20	21 - 100	101 - 200	201 - 1,000	> 1,000
Business Activity					
Stockbroking				7,349	
Banks					8,542
Retail		1,165			
Properties				1,336	1,664
Trade & Manufacturing	419	1,001		1,115	
Electronics & IT		942	1,481		
Engineering	387	937			
Construction		819	940		
Shipping				1,062	
Finance & Insurance		513			
Food & Beverage		292		1,039	
Government Linked Cos.			270	721	1,227
Hotel		154		477	

Analysis of the Data

The amount paid by listed companies as directors' remuneration varied very substantially in 1994 - from \$36,000 to over \$10 million per annum. While there was no simple statistical correlation with shareholder's funds or profits, there appeared, however, to be certain clusters as to shareholders' funds and remuneration levels which were applicable.

Almost irrespective of business activity, most companies

- with less than \$20 million of shareholders' funds (SF) paid less than \$800,000 to their directors,
- those with SF of \$21 to \$100 million formed the next higher group and they paid up to \$3 million,
- followed by those with SF of \$101 to \$1,000 million paid up to \$7 million and
- the largest group i.e. those with SF of more than \$1000 million paid up to \$10 million in directors' remuneration.

These clusters are illustrated in Chart 1 in the next page. The chart is derived by plotting the directors' remuneration against the shareholders' funds on a logarithmic scale (log/log graph).

This relationship with SF became even more apparent when the companies were further broken down by business activity and their directors' remuneration averaged² according to the four SF categories mentioned earlier. The full listing is shown in Appendix I, a summary of which is provided in Table 1. (Government linked companies were classified as a separate "business" category for this analysis because most of them paid significantly lower remuneration)

Appendix I also lists the respective profits before tax and the directors' remuneration expressed as % of profits before tax. The directors' remuneration had little or no correlation with profits apart from the fact that, generally, the larger the company the higher were the profits.

Directors' Fees

In addition to directors' remuneration, 44% of these 168 companies also paid fees to their directors ranging from \$5,855 to \$932,000 per annum. The amount of directors fees also increased generally with the size of the company's shareholders' funds.

Appendix II lists the 9 companies that paid only fees to their directors.

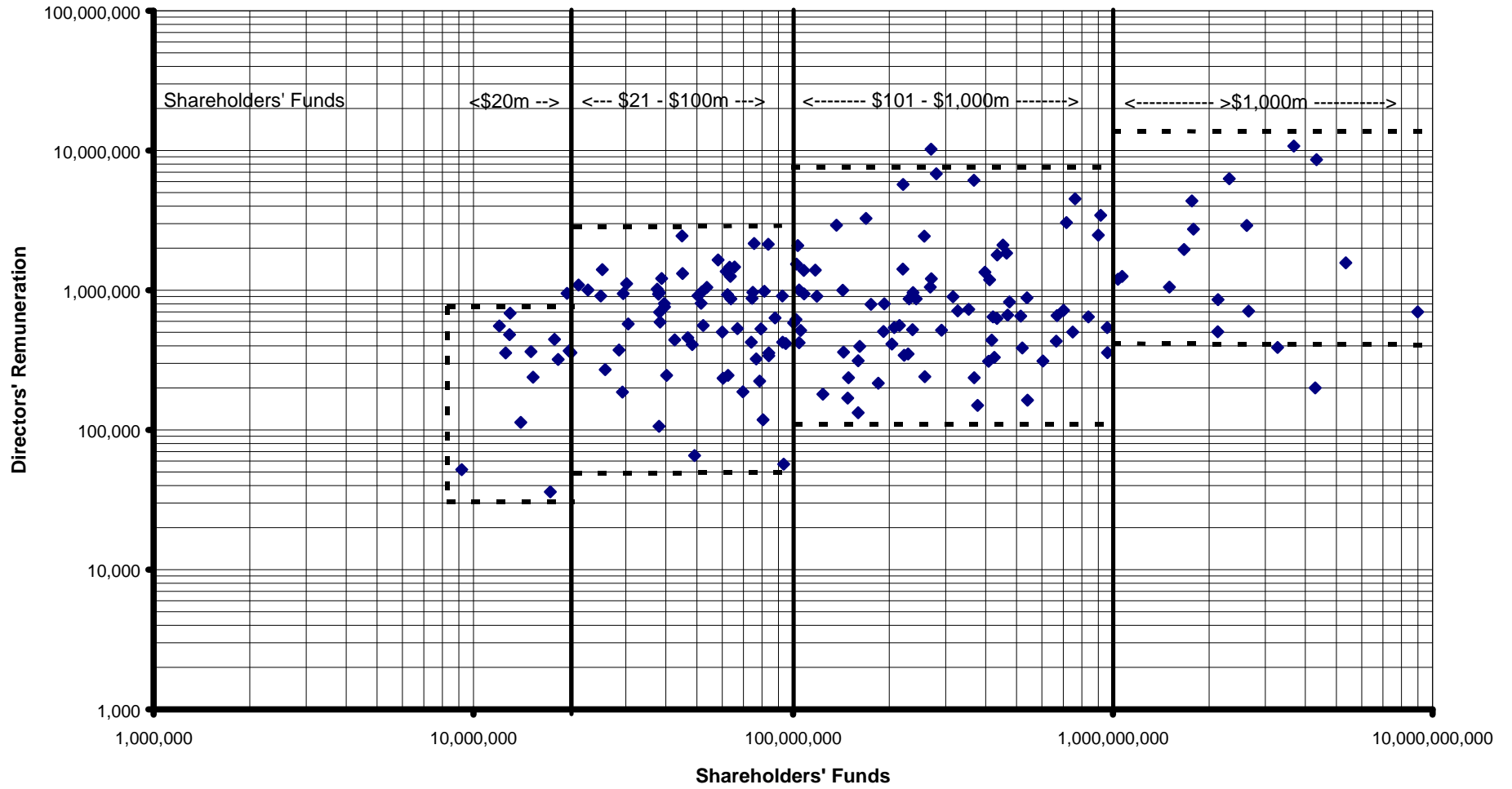
Companies that paid only directors' fees

Nine listed companies paid no remuneration - they paid only fees to their directors. These were mainly the smaller companies and the fees paid ranged from \$20,000 to \$81,375 and averaged \$53,824 per annum.

Appendix III shows the breakdown of companies by the number of executive directors (including the Chairman).

² The average of at least 3 or more values within each category were calculated.

Chart 1 : Directors' Remuneration vs Shareholders' Funds



Appendix I : By Sector and Shareholders' Funds

CompanyName	SH Funds	Remuneration	Fees	ProfitBeforeTax	Rem/ Profit (%)
Stockbroking					
Vickers Ballas Holdings Limited	367,575,048	6,117,460	210,000	49,291,485	12.41%
Kim Eng Holdings Limited	270,052,198	10,215,519	60,000	53,991,420	18.92%
G K Goh Holdings Limited	220,827,000	5,714,000	-	38,158,000	14.97%
	Average	7,348,993			15.44%
Banks					
OCBC*	4,335,106,000	8,589,000	-	752,713,000	1.14%
UOB	3,681,336,000	10,743,000	-	828,572,000	1.30%
OUB	2,312,386,000	6,294,000	-	319,758,000	1.97%
	Average	8,542,000			1.47%
Tat Lee Bank Limited	900,888,000	2,484,000	-	246,818,000	1.01%
ICB	541,247,000	163,000	-	84,714,000	0.19%
Retail					
Metro Holdings Limited	715,629,000	3,045,000	240,000	13,752,000	22.14%
Robinson And Company, Limited	268,774,000	1,054,000	126,000	38,398,000	2.74%
Isetan (Singapore) Limited	175,110,000	792,000	-	-15,171,000	-
Transmarco Limited	118,619,000	907,000	-	6,708,000	13.52%
Courts (Singapore) Limited	81,234,000	985,000	-	15,453,000	6.37%
The Hour Glass Limited	75,589,000	2,158,000	-	16,644,000	12.97%
Heshe Holdings Limited	63,930,000	866,000	-	-10,898,000	-
C.K. Tang Limited	63,661,000	1,256,000	102,000	-17,165,000	-
SuperBowl Holdings Limited	53,694,282	1,047,482	60,000	2,001,551	52.33%
Eng Wah Organisation Limited	39,575,394	803,601	172,200	2,411,592	33.32%
Pertama Holdings Limited	30,180,000	1,112,000	-	4,161,000	26.72%
Sincere Watch Limited	21,340,000	1,090,000	-	2,783,000	39.17%
	Average	1,164,760	111,400		28.48%
Properties					
Singapore Land Limited	3,272,854,000	390,000	165,000	108,775,000	0.36%
United Industrial Corporation Limited	2,132,138,000	855,000	282,000	119,772,000	0.71%
City Developments Limited	1,765,835,000	4,355,000	-	343,910,000	1.27%
United Overseas Land Limited	1,503,496,000	1,054,000	-	57,685,000	1.83%
	Average	1,663,500			1.04%
Malayan Credit Limited	961,412,000	357,000	110,000	41,872,000	0.85%
Hong Fok Corporation Limited	761,884,630	4,509,626	73,330	322,022	-
Centrepoint Properties Limited*	749,492,000	503,000	-	75,329,000	0.67%
Tuan Sing Holdings Limited	475,238,000	824,000	-	16,702,000	4.93%
Amcol Holdings Limited	452,919,979	2,107,730	-	65,606,526	3.21%
Liang Court Holdings Limited	408,643,340	310,610	-	17,959,887	1.73%
Scotts Holdings Limited	397,703,000	1,347,000	-	11,733,000	11.48%
Bonvests Holdings Limited	353,976,000	729,990	322,676	21,000,220	3.48%
	Average	1,336,120	168,669		3.76%
Pan Malayan Holdings Limited	108,010,216	1,386,473	200,000	71,544,623	1.94%
Bukit Sembawang Estates Limited	94,796,000	415,000	-	573,000	-
Trade & Manufacturing					
Cycle & Carriage Limited	1,037,500,000	1,200,000	-	200,800,000	0.60%

* The figure includes Directors' fees.

Appendix I : By Sector and Shareholders' Funds - continued

CompanyName	SH Funds	Remuneration	Fees	ProfitBeforeTax	Rem/ Profit (%)
The Straits Trading Company	839,231,000	646,000	-	44,882,000	1.44%
Inchcape Berhad	465,526,000	1,839,000	-	101,575,000	1.81%
CarnaudMetalBox Asia Limited	434,828,000	1,785,000	-	1,117,000	-
Haw Par Brothers International Ltd	411,556,000	1,189,000	-	39,450,000	3.01%
Sime Singapore Limited	327,105,000	712,000	-	47,712,000	1.49%
WBL Corporation Limited	290,985,000	518,000	190,000	56,855,000	0.91%
	Average	1,114,833			1.73%
GP Batteries International Limited	148,120,000	169,000	90,000	19,459,000	0.87%
Chemical Industries (Far East)	83,696,158	2,130,203	88,000	11,855,341	17.97%
Tiger Medicals Limited	62,600,000	246,000	-	10,821,000	2.27%
PSC	44,971,830	2,447,916	-	4,086,827	-
Super Coffeemix Manufacturing	42,633,204	441,419	133,500	6,001,814	7.35%
Broadway Industrial Group Limited	39,605,140	757,836	5,855	4,893,311	15.49%
Berger International Limited	38,812,000	1,214,000	-	6,335,000	19.16%
Nippecraft Limited	38,380,000	591,000	-	4,113,000	14.37%
Teck Wah Paper Products Limited	37,934,506	936,607	58,000	5,423,597	17.27%
Stamford Tyres Corporation Limited	30,511,000	575,000	-	2,012,000	28.58%
Bousteadco Singapore Limited	25,846,000	270,000	-	4,031,000	6.70%
Informatics Holdings Limited	25,317,262	1,404,387	-	7,621,341	18.43%
	Average	1,001,306	71,339		14.76%
Falmac Limited	19,944,000	369,000	85,000	1,090,000	33.85%
GRP Limited	19,638,119	947,857	72,000	3,525,967	26.88%
Meiban Plastic Limited	15,380,485	238,602	100,000	2,477,810	9.63%
National Kap Limited	15,145,154	363,300	6,000	-2,128,329	-
Tong Meng Industries Limited	14,060,697	113,146	-	1,526,815	7.41%
ITE Electric Company Limited	12,988,196	480,698	-	1,663,260	28.90%
	Average	418,767	65,750		21.34%
Electronics & IT					
Goldtron Limited	236,148,000	521,000	-	36,589,000	1.42%
Elec & Eltek International Company	136,678,000	2,924,000	-	40,532,000	7.21%
Singatronics Limited	105,524,199	515,040	126,000	10,074,972	5.11%
Aztech Electronics Limited	104,342,000	1,004,000	-	17,340,000	5.79%
	Average	1,481,013			6.04%
General Magnetics Limited	67,012,664	530,584	48,000	238,919	-
PCI Limited	63,253,000	1,463,000	-	5,675,000	25.78%
Avimo Singapore Limited	62,353,000	930,000	33,000	8,661,000	10.74%
Venture Manufacturing (Singapore)	58,282,574	1,647,540	28,000	21,139,535	7.79%
CSA Holdings Limited	52,340,000	560,000	-	18,586,000	3.01%
Pentex-Schweizer Circuits Limited	51,831,409	975,927	-	14,008,917	6.97%
Vikay Industrial Limited	51,524,000	807,000	516,000	482,000	-
Powermatic Data Systems Limited	48,384,000	408,000	-	2,910,000	14.02%
Sunright Limited	45,070,000	1,316,000	-	11,508,000	11.44%
Datapulse Technology Limited	38,230,467	697,109	-	4,679,706	14.90%
Tri-M Technologies(S) Limited	38,120,000	960,000	-	-10,337,000	-
Flextech Holdings Limited*	22,840,747	1,006,461	11,000	3,886,266	25.90%
	Average	941,802	127,200		13.39%
Engineering					
United Engineers Limited	426,301,000	331,000	81,000	9,620,000	3.44%
Guthrie GTS Limited	237,024,000	962,000	-	5,906,000	16.29%

Appendix I : By Sector and Shareholders' Funds - continued

CompanyName	SH Funds	Remuneration	Fees	ProfitBeforeTax	Rem/ Profit (%)
Van Der Horst Limited	169,144,000	3,265,000	150,000	36,202,000	9.02%
Amtek Engineering Limited	103,362,987	2,089,054	-	21,427,824	9.75%
Ipco International Limited	92,531,000	910,000	-	16,667,000	5.46%
CAM Mechatronic Limited	74,011,985	424,840	-	8,251,206	5.15%
Rotary Engineering Limited	65,633,000	1,469,000	118,000	2,623,000	56.00%
Seksun Precision Engineering	29,399,309	945,195	-	5,080,566	18.60%
	Average	937,259			21.30%
Causeway Investment Limited	20,196,000	357,000	-	-1,002,000	-
Oakwell Engineering Limited	18,411,000	319,000	70,000	3,422,000	9.32%
Horiguchi Engineering Company	13,037,000	684,000	-	852,000	-
Material Handling Engineering	12,611,600	355,700	-	-2,997,260	-
Inter-Roller Engineering Limited	12,057,390	555,015	88,000	-2,127,762	-
Wepco Limited	9,191,000	52,000	-	-98,000	-
	Average	387,119			
Construction					
Lum Chang Holdings Limited	280,484,000	6,804,000	-	22,556,000	30.16%
Lim Kah Ngam Limited	193,028,000	801,000	80,000	43,633,000	1.84%
SsangYong Cement (Singapore)	143,096,217	1,000,945	58,515	36,788,747	2.72%
Low Keng Huat (Singapore) Limited	104,521,263	420,516	60,000	2,237,288	18.80%
Clipsal Industries (Holdings) Limited	102,499,000	1,536,000	60,000	24,643,000	6.23%
	Average	939,615	64,629		7.40%
Lee Kim Tah Holdings Limited	79,292,910	530,000	-	8,431,222	6.29%
SPP Limited	76,688,000	322,000	-	5,987,000	5.38%
Jurong Cement Limited*	74,870,980	966,000	-	18,435,590	5.24%
Koh Brothers Group Limited	61,722,000	1,363,000	-	15,528,000	8.78%
Liang Huat Aluminium Limited	50,373,825	915,525	120,000	8,864,769	10.33%
	Average	819,305			7.20%
Shipping					
Pacific Carriers Limited	316,454,000	899,000	130,000	13,593,000	6.61%
Pan-United Corporation Limited	242,634,000	867,000	-	19,033,000	4.56%
Hai Sun Hup Group Limited	220,351,000	1,419,000	217,000	24,263,000	5.85%
	Average	1,061,667			5.67%
Jaya Holdings Limited	108,202,000	940,000	-	5,802,000	16.20%
Cosco Investments (Singapore)	60,355,400	234,220	54,000	4,240,467	5.52%
GB Holdings Limited	37,602,146	1,016,000	-	-2,909,136	-
Finance & Insurance					
Singapore Finance Limited	230,647,000	866,000	-	37,564,000	2.31%
United Overseas Finance Limited	149,153,000	236,000	-	21,204,000	1.11%
Overseas Union Trust Limited	100,319,735	584,050	-	15,013,626	3.89%
Singapura Building Society Limited	92,763,669	425,460	82,500	6,070,214	7.01%
Tat Lee Finance Limited	87,904,393	633,216	118,000	12,444,629	5.09%
IFS	83,871,768	339,960	246,323	4,723,739	7.20%
S'pore Reinsurance Corp	78,639,000	224,000	345,000	12,365,000	1.81%
United Overseas Insurance Limited	74,356,000	874,000	-	11,659,000	7.50%
	Average	513,448	197,956		5.42%

Appendix I : By Sector and Shareholders' Funds - continued

CompanyName	SH Funds	Remuneration	Fees	ProfitBeforeTax	Rem/ Profit (%)
Food & Beverage					
F&N	1,787,792,000	2,743,000	475,000	290,348,000	0.94%
Asia Pacific Breweries Limited	668,489,000	660,000	246,000	122,291,000	0.54%
YHS	422,212,000	644,000	50,000	-1,802,000	-
Rothmans Industries Holdings Ltd	270,813,000	1,206,000	-	52,602,000	2.29%
Auric Pacific Group Limited	258,088,000	241,000	222,000	4,066,000	5.93%
Cerebos Pacific Limited	257,201,000	2,442,000	294,000	122,624,000	1.99%
	Average	1,038,600	203,000		2.69%
QAF Limited	117,439,000	1,394,000	275,000	23,019,000	6.06%
Inno-Pacific Holdings Limited	60,022,000	502,000	-	1,667,000	30.11%
Sunshine Allied Investments Limited	38,082,000	106,000	-	2,037,000	5.20%
Khong Guan Flour Milling Limited	29,255,778	186,539	-	1,376,364	13.55%
Pokka Corporation (Singapore)	28,558,000	373,000	-	3,305,000	11.29%
	Average	291,885			15.04%
ABR Holdings Limited	17,947,684	444,775	36,000	2,486,761	17.89%
GLCs					
SIA	8,986,100,000	700,000	-	958,100,000	0.07%
DBS Bank	5,349,419,000	1,569,000	135,000	687,392,000	0.23%
Singapore Telecommunications*	4,298,700,000	200,000	-	1,761,800,000	0.01%
DBS Land Limited*	2,657,036,000	710,000	-	198,006,000	0.36%
Keppel Corporation Limited	2,624,903,000	2,913,000	568,000	416,926,000	0.70%
Straits Steamship Land Limited	2,127,394,000	504,000	145,000	91,136,000	0.55%
SPH	1,670,945,000	1,961,000	932,000	425,945,000	0.46%
Neptune Orient Lines Limited*	1,068,626,000	1,257,000	-	70,901,000	1.77%
	Average	1,226,750	445,000		0.52%
Keppel Bank of Singapore Limited	959,660,000	541,000	121,000	106,122,000	0.51%
Sembawang Corporation Limited	916,599,000	3,440,000	307,000	139,322,000	2.47%
NatSteel Limited*	701,518,000	717,000	-	60,278,000	1.19%
SBS	665,234,000	432,000	184,000	97,016,000	0.45%
Jurong Shipyard Limited	520,939,000	386,000	-	72,046,000	0.54%
SPC*	515,207,000	654,000	-	44,603,000	1.44%
Times Publishing Limited	469,222,000	663,000	-	44,812,000	1.48%
STIC	433,930,000	628,000	-	81,762,000	0.77%
ST Aerospace	417,733,429	438,723	-	42,814,076	1.02%
Singmarine Industries Limited	377,330,000	150,000	126,000	26,534,000	0.57%
Sembawang Maritime Limited	228,848,000	350,000	-	38,098,000	0.92%
Intraco Limited	215,087,000	560,000	-	22,118,000	2.53%
Comfort Group Limited	203,830,000	412,000	-	32,727,000	1.26%
	Average	720,902	184,500		1.16%
Keppel Finance Limited	191,636,000	506,000	45,000	28,359,000	1.78%
KIE	184,679,000	216,000	128,000	19,297,000	1.12%
Steamers Maritime Holdings Limited	159,898,000	313,000	52,000	14,097,000	2.22%
ICS	159,746,000	133,000	66,000	22,498,000	0.59%
Jurong Engineering Limited	123,879,158	180,400	99,000	15,866,239	1.14%
	Average	269,680	78,000		1.37%
RDC	93,487,000	57,000	-	9,003,000	0.63%
ST Computer Systems & Services	46,838,779	457,337	62,040	10,213,767	4.48%
Teledata (Singapore) Limited	17,420,000	36,000	-	3,661,000	0.98%

Appendix I : By Sector and Shareholders' Funds - continued

CompanyName	SH Funds	Remuneration	Fees	ProfitBeforeTax	Rem/ Profit (%)
Hotel					
Shangri-La Hotel Limited	604,810,000	311,000	-	32,965,000	0.94%
Overseas Union Enterprise Limited	538,768,000	884,000	-	41,085,000	2.15%
Hotel Plaza Limited	368,752,000	236,000	-	10,013,000	2.36%
	Average	477,000			1.82%
Hind Hotels International Limited	222,426,000	343,000	-	6,937,000	4.94%
Goodwood Park Hotel Limited	207,184,958	539,251	202,000	49,149,700	1.10%
Hotel Royal Limited	80,535,729	118,109	39,500	5,058,140	2.34%
ANA Hotels Singapore Limited	69,632,453	187,379	-	4,991,576	3.75%
Hotel Negara Limited	49,155,612	65,500	-	143,653	-
Hotel Malaysia Limited	40,237,655	245,946	87,000	14,007,303	1.76%
	Average	154,234			2.61%
Investment					
L.C. Development Limited	161,485,229	397,173	24,000	2,381,416	16.68%
Pacific Century Regional Dev	143,897,000	360,000	91,000	-24,127,000	-
HTP Holdings Limited	83,949,000	356,000	-	4,258,000	8.36%
Publishing					
Pan Pacific Public Company Limited	25,013,061	908,204	78,040	773,082	-
					-
Transport					
TIBS Holdings Limited	102,055,904	618,550	114,906	17,466,976	3.54%

Appendix II : Companies that paid only Directors' Fees

CompanyName	SH Funds	Fees	Profit Before Tax	Fees/Profit (%)
Transpac Industrial Holdings Limited	200,000,010	49,791	-	-
United International Securities Limited	181,771,000	77,000	13,891,000	0.55%
General Securities Investments Limited	153,078,000	38,000	17,111,000	0.22%
Harimau Investments Limited	122,510,000	20,000	9,437,000	0.21%
Overseas Union Securities Limited	93,151,534	48,750	7,361,695	0.66%
SNP Corporation Limited	61,181,522	54,500	6,444,076	0.85%
CWT Distribution Limited	57,288,000	68,000	10,710,000	0.63%
ST Electronic & Engineering Limited	47,382,000	47,000	7,645,000	0.61%
British And Malayan Trustees Limited	8,444,662	81,375	908,814	8.95%
	Average	53,824		1.59%

Appendix III: Breakdown of Companies by the no. of Executive Directors (including the Chairman)

No. of Executive Directors (including the Chairman)	No. of Companies	% of Companies
1	9	5.1%
2	45	25.4%
3	45	25.4%
4	33	18.6%
5	18	10.2%
6	13	7.3%
7	10	5.7%
8	4	2.3%
	177	100.0%