

**Issuer:** Adventus Holdings Limited

**Security:** Adventus Holdings Limited

**Meeting details:**

Date: 27 April 2018

Time: 9.30 a.m.

Venue: Bay Hotel at 50 Telok Blangah Road Singapore 098828

**Company Description**

Adventus Holdings Limited, an investment holding company, engages in property investment and development, hospitality, and project management activities, as well as commodities and mineral resources businesses within Asia. The company embarked on a five-star hotel project in Danang, Vietnam; and continues to seek new projects in Asia. It also manufactures and distributes sputtering targets; and manufactures and trades in energy-efficient equipment and apparatus, as well as provides related services. In addition, the company engages in trading printing machines and lithographic supplies, as well as the provision of services for thin film solutions and silkscreen printing. The company was formerly known as SNF Corporation Ltd. and changed its name to Adventus Holdings Limited in January 2009 to reflect its diversification into the advanced materials and solutions, commodities and mineral resources, and property and hospitality businesses. Adventus Holdings Limited was incorporated in 2003 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5EF](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5EF))

1. As noted in the Chairman’s Message, the group restructured in FY2017 and completed the divestment of all its continuing operations/businesses in the Advanced Materials & Solutions segment.

With the diversification into the Hotel Property Development and Investment business still work-in-progress, the group recognised no revenue from its continuing operations, and sustained a loss of S\$4.53 million in FY2017.

As at 31 December 2017, the group has cash and cash equivalent of \$9.94 million.

- (i) **What are the budgeted development costs for the 5-star Hotel and 5-star Resort development project in Danang and Hoi An respectively?**
- (ii) **The group has recognised \$12.1 million as construction in progress in its property, plant and equipment (page 76). How much more would the group need to fund to complete the construction and to operationalise the two hotels?**
- (iii) **How much headroom in terms of borrowing does the group have?**

In terms of the Corporate Structure, the group still holds Adventus Resources Pte Ltd and Adventus Alliances & Solutions Pte Ltd under the Commodities and Mineral Resources” and “Advanced Materials & Solutions” divisions respectively.

- (iv) **Can management confirm that these are dormant and will be struck off in due course?**

2. As the group has restructured to focus on real estate development, can the board/management provide more clarity on the following matters? Specifically:

- (i) **Deal sourcing: How does the group source for deals? Does management use formal channels such as investment banks, brokers or business consultants to source for investment opportunities in these foreign countries?**
- (ii) **Due diligence: What is the level of due diligence carried out prior to the group’s investment into developing these hospitality assets in the ASEAN region? What is the role of the board in setting the corporate strategic directions, strategies and action plans?**
- (iii) **Expansion plans: What are the other cities that the company has explored/evaluated and would be keen to invest in?**
- (iv) **Leverage: Has the company set a limit to the maximum gearing that the company/group can take on?**

3. In Note 10 (pages 66 & 67), the group detailed the events related to its then-new subsidiary Crimson Star Development Pte Ltd (“CSDPL”) since FY2015 and up to its subsequent sale.

One of the parties involved was “Vinacon Investment and Development Company Limited (“VID”).

The company further disclosed that “[t]he disposal of VID was subsequently completed in 2017 with full settlement of balances from the unrelated party to VID. However, VID did not repay in full its payable to CSDPL, and accordingly, there is an allowance of doubtful receivables amounting to \$1,722,207 made during the year. This has been recorded in “administrative expenses” and presented as part of “Loss for the year from discontinued operations” on the statement of profit or loss and other comprehensive income”.

- (i) **Can the board and the audit committee help shareholders understand why the disposal of VID was structured in such a way that the group did not have recourse of the funds and had to recognise an allowance of \$1.7 million?**
- (ii) **What was the risk assessment that was carried out given how the deal was structured?**

- (iii) **What were the efforts by the company and management to collect the outstanding amounts of up to \$1.7 million?**
- (iv) **What recourse does the group have to collect back the debt?**