



**Securities Investors Association (Singapore)**

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**Issuer:** Advanced Holdings Ltd.

**Security:** Advanced Holdings Ltd.

**Meeting details:**

Date: 30 April 2019

Time: 2.00 p.m.

Venue: 30 Woodlands Loop, Singapore 738319

**Company Description**

Advanced Holdings Ltd. is a Singapore-based company, which is engaged in investment holding. The Company operates through two segments: engineering service and manufacturing, and environmental technologies. The Company's engineering service and manufacturing segment is engaged in the design, manufacture and supply of process equipment, instrumentation systems and related products for oil, gas and petrochemical plants. Its environmental technologies segment participates in portable, waste water and industrial waste treatment to manage the environment by reducing or eliminating pollution. Its environmental technologies segment is also engaged in the design and supply of clean energy solutions, as well as technologies and products to reduce greenhouse gas emissions. The Company offers systems and products, which include ball valves, chemical dosing system, duplex reactor, fine filter skid, knock-out drum and test separator.

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

**Q1.** The group turned in a profit although it amounted to just \$62,000 or a profit margin of 0.1%. The group made losses in 3 out of the last 5 years and achieved a profit margin of just below 1% in its best year.

*Financial*  
**HIGHLIGHTS**

	2014*	2015* (Restated)	2016	2017 (Restated)	2018
Revenue (\$'000)	91,343	109,329	94,084	53,479	61,761
Profit (Loss) after tax (\$'000)	(1,972)	992	(2,230)	(3,436)	62
Shareholders' equity (\$'000)	71,449	71,239	68,753	57,937	57,780
Cash and cash equivalents (\$'000)	14,442	33,588	46,176	41,175	33,355
Earnings (Losses) per share "EPS" (cents)#	(1.71)	0.92	(1.80)	(3.00)	0.30
Dividend per share "DPS" (cents)#	0.90	-	2.50	4.90	-
Net asset value per share "NAV" (cents)#	70.55	70.35	67.89	57.21	57.06
Current ratio (times)	1.77	1.93	2.19	2.42	2.79

\* Include discontinued operation, presented separately in the financial statements.

# For meaningful comparison, the EPS, DPS and NAV for financial years 2014 were restated based on the total number of issued shares excluding treasury shares of 101,268,367 after the share consolidation of three shares into one effected on 7 December 2015.

(Source: Company annual report)

- (i) **Would the board clearly articulate the business model and identify the key value drivers?**
- (ii) **What is the group's value proposition?**
- (iii) **What are the key priorities in 2019 to help the group improve on its profitability?**

**Q2.** As disclosed in Note 8 (page 81 – Trade receivables), the group recognised higher trade receivables from outside parties of \$11.3 million, up from \$8.67 million a year ago. The amount of \$9.012 million was not past due. The provision matrix used to estimate the expected credit losses is shown in the table below:

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	<b>Group</b>						<b>Total</b>
	<b>Trade receivables - days past due</b>						
	<b>Not past due</b>	<b>&lt; 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>&gt;120 days</b>	
December 31, 2018	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Outside parties	9,012	744	178	328	428	589	11,279
Joint ventures and associate (Notes 17 and 18)	97	95	16	146	-	28	382
Estimated total gross carrying amount at default	9,109	839	194	474	428	617	11,661
Individually assessed debtors	-	-	-	-	(38)	-	(38)
Lifetime ECL	(4)	(4)	(1)	(5)	(7)	(39)	(60)
						<u>11,563</u>	

(Source: Company annual report)

- (i) Can the company help shareholders understand the historical credit loss rates?**
- (ii) What adjustments did management make to estimate the expected loss rate?**
- (iii) What is the level of involvement by the audit committee in setting up the provision matrix, especially the expected loss rate? For trade receivables of \$617,000 past due by more than 120 days, the lifetime ECL is \$(39,000).**

**Q3. The attendance of directors at board and board committee meetings is shown below:**

The details of the number of meetings held in the year under review as well as the attendance of each Board member at those meetings are as follows:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>Number of meetings held</b>	6	4	2	1
<b>Number of meetings attended:</b>				
Dr Choo Boy Lee Emily	6	4	2	1
Dr Wong Kar King	6	4*	2*	1*
Dr Ho Choon Hou	3*	4	0	0
Mr Lim Boon Cheng	6	4	2	1

\* Attendance by invitation

# Abstained from one (1) ad-hoc board meeting relating to the proposed acquisition of Agricore Global Pte. Ltd.

(Source: Company annual report)

As can be seen from the table above, Dr Ho Choon Hou attended only 3 board meetings and had recused himself from 1 meeting that relate to the proposed acquisition of Agricore Global Pte. Ltd.

Dr Ho Choon Hou is an independent director, a member of the audit and remuneration committees (RC) and the chairman of the nomination committee (NC).

Dr Ho was absent from two board meetings, one RC meeting and two NC meetings where he is the chair of the committee.

- (i) Would Dr Ho help shareholders understand his commitment to the group as independent director and a board committee member?**
- (ii) With Dr Ho being an associate of Hoch Ventures Limited which in turn owns 30% of Agricore, would Dr Ho be conflicted and should Dr Ho be redesignated as non-executive non-independent director the moment the acquisition of Agricore was proposed?**
- (iii) Can the company help shareholders understand if there were extenuating circumstances that led the directors to be absent for the board meetings and board committee meetings?**
- (iv) How far in advance are board meeting scheduled?**
- (v) How can the company and the company secretary work together with the directors to schedule the board and board committee meetings so that all the directors are able to attend the meetings and contribute to the effectiveness of the board?**