Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Advancer Global Limited

Stock code: 43Q

Meeting details:
Date: 17 June 2020
Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with better clarity on the following operational matters? Specifically:

(i) **Singapore:** As disclosed on 15 June 2020, the group's Employment Services Division will be consolidating all its resources and assets at the two branches in Jurong and Tampines and will be ceasing the operations in the four branches in Hougang, Toa Payoh, Woodlands and Yishun. The closures are expected to be completed by end-June 2020. **What are the expected restructuring costs, if any?** In lieu of the physical stores, the group will be rolling out an e-commerce platform that will be launched by 3Q2020. **How does the group ensure that the "human touch" of its employment services is not impaired and that the e-commerce platform would be well received by the customers?**

(ii) **Fullcast International Co., Ltd./Japan:** The joint venture begun in December 2019 to select and prepare candidates with language and skills training to get them ready for the job market in Japan. **Can management help shareholders understand the business model of the joint venture with Fullcast Holdings? What are the niche markets that the JV would be targeting?**

Q2. In the letter to shareholders, it was stated that the group recorded revenue growth of 5.4% from $67.3 million in FY2018 to $70.9 million in FY2019. There were increases in revenue across all of the group's three business segments.

The increase was attributed to more FDWs being deployed to households by the employment services business, additional revenue contribution from a newly acquired subsidiary as well as service income from the building management business and new projects secured by the security services business.

However, the board had not recommended any dividend for FY2019 to conserve cash for the group's operational and growth purposes.

Even though the revenue increase was mentioned in the letter to shareholders, the group's 68.7% drop in profit after tax was not mentioned. Group's profit after tax decreased by $1.0 million or 68.7% to $0.4 million in FY2019. Earnings per share decreased from 0.64 Singapore cents in FY2018 to 0.19 Singapore cents in FY2019.

From the performance review (page 10), it can be seen that, despite the increase in revenue, gross profit dropped across the board in each of the three segments. Gross profit margin dropped from 25.7% to 24.0%.

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BUSINESS SEGMENTAL REVIEW

FYE 31 DEC (S$'000)	Revenue			Gross Profit			Gross Margin	
	FY2019	FY2018	YoY Change	FY2019	FY2018	YoY Change	FY2019	FY2018
Employment Services	13,154	12,471	5.5%	5,585	5,647	(1.1%)	42.5%	45.3%
Building Management Services	37,473	36,124	3.7%	8,432	8,560	(1.5%)	22.5%	23.7%
Security Services	20,317	18,688	8.7%	3,044	3,076	(1.0%)	15.0%	16.5%
Total	**70,944**	**67,283**	**5.4%**	**17,061**	**17,283**	**(1.3%)**	**24.0%**	**25.7%**

(Source: company annual report)

(i) **As the company grows via acquisition, how does management ensure that such growth is accretive and create long-term shareholder value?**

(ii) **How does management realise synergies and benefit from economies of scale as the group expands its services?**

(iii) In addition, total staff costs increased by 7% to $40.6 million. The increase is higher than the increase in revenue of 5.4%. **How does the group improve the productivity of its workforce and better manage its staff costs?**

Q3. On 30 December 2019, the company announced the appointment of Mr Danny Lim as independent chairman, effective 31 December 2019. On 23 January 2020, the company amended its prior announcement and added to the list of directorships held by Mr Danny Lim. This was to rectify the "inadvertent exclusion" of his directorship in Trans-Cab Holdings Ltd. under the list of present directorships in the 30 December 2019 announcement. The reason was a miscommunication between him and the relevant personnel of Trans-Cab. This matter was also the subject of a query by SGX Regco which the company responded to on 27 January 2020.

The profile of Mr Danny Lim can be found on page 13 of the annual report. The additional information on Mr Danny Lim who is seeking his re-election can be found on pages 38 to 42.

As disclosed, Mr Danny Lim is also a director on Kimly Limited, Stamford Land Corporation Limited and Choo Chiang Holdings Ltd.

As noted in the disclosure, Mr. Danny Lim is an independent director of Kimly Limited, which had on 29 November 2018 announced that it was subject to investigations in relation to a possible offence under the Securities and Futures Act (Cap. 289) of Singapore by the Commercial Affairs Department and Monetary Authority of Singapore. Mr. Danny Lim was interviewed by the Commercial Affairs Department in connection with the ongoing investigations. Mr. Danny Lim is not personally the subject of such investigation.

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In his full-time role, Mr. Danny Lim is currently a partner in the Capital Markets and Mergers & Acquisitions Practice Group of a large law firm, advising on all aspects of corporate legal advisory and transactional work, both locally and regionally.

(i) **Given that Mr Lim is a partner in a large law firm, and that Mr Lim already has three other directorships on listed companies (including one that has ongoing investigations by the Commercial Affairs Department), how does Mr Lim ensure that he is able to afford sufficient time, energy and attention to the affairs of the group as independent chairman of the board?**

(ii) **If re-elected at the annual general meeting scheduled to be held on 29 June 2020, would Mr Lim help shareholders understand his plans for the group? How does Mr Lim intend to further contribute to the effectiveness of the board, including avoiding groupthink, fostering constructive debate and improving communications with shareholders?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)