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

Issuer: 3Cnergy Limited

Stock code: 502

Meeting details:
Date: 27 April 2021
Time: 2.30 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. As noted in the message to shareholders, the chairman and CEO highlighted that the challenging market environment and soft sentiment in Johor will probably not improve in the near term and the group has put on hold the plan to develop the Puteri Harbour land in the near future.

For FY2020, management was focused on minimising costs given that no cash was generated from operations with the deferment of the land development. The group will explore opportunities to sell the land to improve the group's financial position.

(i) **With the major projects put on hold, what is the current staff strength?**

(ii) **What are the cost-cutting measures implemented by the group?**

As noted in the consolidated statement of profit or loss and other comprehensive income, general and administrative expenses amounted to $(5.3) million and finance costs were $(2.0) million in FY2020. In the financial and operations review, the company has stated that "G&A expenses" comprised mainly impairment loss, salaries and related costs, professional fees, rental, annual listing expenses and land-related costs (page 6).

(iii) **Can management help shareholders understand the current recurring cash "burn-rate" of the group?**

(iv) **3C Property Consultants Pte. Ltd. ("3CPC"): What is the status of 3CPC?** In the corporate profile (page 1), it is disclosed that 3CPC provides real estate valuation and appraisal services on properties ranging from Housing & Development Board flats, private residential, commercial and industrial properties in Singapore.

Q2. The group reported revenue of $174,000 in FY2020 and recognised a comprehensive loss attributable to owners of the company of $(7.06) million. As at 31 December 2020, the group's current liabilities exceeded its current assets by $(18.9) million and there were net operating cash outflows of $(3.17) million for the financial year then ended. The auditors have highlighted that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern (page 37).

As at 31 December 2020, the group has net debt of $47.85 million and total equity of $38.28 million, giving it a gearing ratio of 125%.

(i) **Other than salary, what is the expected main use of cash, if any, for the group?**

As disclosed in Note 31 (page 97 – Events subsequent to the reporting date), the wholly-owned subsidiary, 3C Marina Park Sdn Bhd ("3CMP"), had on 19 March 2021 entered into a supplemental deed to extend the loan maturity.

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(ii) **Has the board reviewed the group's financial position and evaluated options to further strengthen the balance sheet?**

(iii) **Did the board start a formal process to look for buyers for the land?**

(iv) **Has the board also looked for a strategic investor/joint venture partner who has a long-term horizon and is aligned with the group's vision for the Puteri Harbour land?**

Q3. The board comprises three directors, two of whom are deemed independent. The board directors and the board committee composition are shown below (page 15):

Name of Directors	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Tong Kooi Ong	Non-Independent Non-Executive Chairman	Member	Member	Member
Loh Chen Peng	Lead Independent Director	Chairman	Member	Member
Ong Pai Koo @ Sylvester	Independent Non-Executive Director	Member	Chairman	Chairman

(Source: company annual report)

It is noted that the nominating committee (NC) is of the view that the current board size and composition are adequate and appropriate to facilitate effective decision making, after taking into consideration the nature and scope of the group's operations.

(i) **Can the NC help shareholders understand what deliberations it has had to arrive at the view that the current board size and composition are adequate? Has the NC evaluated the benefits of having a slightly larger board of 4-6 members with diverse background?**

(ii) The company acquired 3C Marina Park Sdn Bhd ("3CMP") in August 2016. **With the financial position of the group in 2016, did the board consider if the acquisition would (a) overstretch the company and (b) overly concentrate the group's risks to Puteri Harbour?**

(iii) **Has the board carried out a strategic review and assess the group's options which may include merger, acquisition, diversification and reverse take-over of other businesses with good prospects?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)