Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Abundante Limited

Stock code: 570

Meeting details:
Date: 28 June 2023
Time: 10.00 a.m.
Venue: <<live webcast>>

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Q1. As noted in the executive director's statement, the group recently completed the acquisition of Hong Kong NHB Group Limited ("NHB") on 1 May 2023. The newly acquired subsidiary will be used by the group to engage in the provision of integrated clean energy solution services, mainly providing consultation and services such as project resource development, market research, project management and operation and maintenance to customers who wish to invest in, develop and use photovoltaic power generation systems and green electricity, focusing on delivering sustainable and cost-effective solutions to achieve energy goals while minimising environmental impact ("Solar Energy Business").

The group intends to carry out the Solar Energy Business primarily in Singapore and the People's Republic of China for commercial and industrial rooftop distributed photovoltaic power plants.

(i) **What is the level of commercial due diligence carried out by management and the board in the solar energy business in both China and Singapore?**

(ii) **What is the group's competitive advantage, if any, in the solar energy business?**

(iii) **Considering the potentially high capital requirements of the solar energy business, what funding sources will the group utilise to finance new projects?**

(iv) **Has the board/management estimated the group's cost of capital and the (projected) return on investment of the solar energy business?**

(v) **Will the solar energy business significantly alter the risk profile of the group?**

(vi) **In addition, how was the group introduced to NHB Group Limited (the vendor), Wu Gang and Xun Tingting (the ultimate shareholders of the vendor)?**

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Q2. The board currently comprises 3 directors, 2 of whom are independent directors and an executive director. As noted in the corporate governance report, the company's constitution allows for the appointment of a maximum of 9 directors but the nominating committee (NC) considers the current board size of 3 directors to be "*appropriate, taking into account the nature and scope of the company's operations*" (page 19).

(i) **Can the board/NC help shareholders better understand the deliberations it has had on the current board size and the reasons why it considers it to be "appropriate"?**

In addition, the board also noted the following deviations from the Code of corporate governance 2018 (Code):

- Under Provision 6.2 of the Code, it is stated that all members of the remuneration committee (RC) should be non-executive directors. On 24 June 2021, Mr Lee Sai Sing, an executive director, was appointed a member of the RC.

- Under Provision 10.2 of the Code, it is stated that all members of the audit committee (AC) should be non-executive directors. Similarly, Mr Lee Sai Sing, an executive director, sits on the AC.

(ii) **Can the board, especially the independent directors, justify with good reasons why the current board size is still appropriate given that the board has deviated from two Provisions of the Code with the appointment of an executive director in the two board committees which may, or perceived to, impair the independence of the board committee?**

On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced that it will limit the tenure of independent directors (IDs) serving on the boards of listed issuers to nine years [1]. This stemmed from recommendations by the Corporate Governance Advisory Committee. There was broad market support for this change during the public consultation carried out by SGX RegCo.

Mr Tan Boon Gin, CEO of SGX RegCo, also noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

(iii) **Has the NC reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments, considering the group's diversification to the new solar energy business?**

[1] https://www.sgxgroup.com/media-centre/20230111-sgx-regco-caps-independent-directors-tenure-enhances-remuneration

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Mr Tan Kok Hiang has been appointed an independent non-executive director of the company since 25 September 1997. Accordingly, Mr Tan Kok Hiang has served on the board for more than 25 years. At the annual general meeting scheduled to be held on 28 June 2023, Mr Tan Kok Hiang will retire and seek his re-election.

(iv) **Would the proposed re-election of Mr Tan Kok Hiang delay the board renewal process?**

(v) **As the independent chairman of the board, would Mr Tan Kok Hiang be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?**

Q3. As disclosed in the corporate governance report, the internal audit function of the group is outsourced to RSM Risk Advisory Pte Ltd.

(i) **What were the scope, key findings and recommendations by the internal auditor for FY2023?**

(ii) **What is the level of oversight by the AC on the actions taken by management to follow up on the recommendations?**

(iii) **Separately, can the AC help shareholders better understand the internal auditor's role in ensuring the accuracy and reliability of the sustainability report?**

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

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