Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Adventus Holdings Limited

Stock code: 5EF

Meeting details:
Date: 30 April 2021
Time: 10.00 a.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. In the chairman's message, it was highlighted that the group has been focusing its resources on the property and hospitality business. The group is developing a hotel in Da Nang and a resort in Hoi An. Construction commenced in 2018 but the group has decided to
postpone the opening of both due to the COVID-19 situation.

It was also mentioned that the group is actively exploring alternative business opportunities, apart from its existing business and hospitality developments in Vietnam.

(i) **Can the board help shareholders understand if it has approved the search for new businesses?**

(ii) **Who is leading the search for new business opportunities? How is the search being carried out? As the hotels have not been completed, would management's attention and focus be drawn away from the hotel at this critical stage of the hotels' development?**

(iii) **What are the industries and geographies being considered?**

Q2. As can be seen from the consolidated statement of cash flows, net cash used in operating activities increased to $(1.24) million in FY2020, up from $(1.07) million in FY2019. Net cash used in investing activities were $(12.8) million and $(15.4) million respectively,

At the end of the reporting period, cash and cash equivalents amounted to $1.54 million.

(i) **What is the projected amount required to complete the development of the hotel and the resort in Vietnam? Does the group have the financial resources to fund the developments?**

In the independent auditor's report, the independent auditor highlighted the group's going concern as a key audit matter. Apart from the losses and the net cash outflows, it was noted that the group has not generated revenue. It is exposed to an increased liquidity risk, in relation to the group's ability to fulfil commitments to repay existing indebtedness to suppliers and to finance the construction of the projects in Regis Bay and Hoi An Pearl.

As shown in Note 20 (page 95 – Bank borrowings), bank borrowings have increased to $33.0 million as at 31 December 2020. The group had no borrowings in FY2018 and obtained $18.2 million in bank loans in FY2019 to finance the construction of the hotels. In FY2020, interest paid amounted to $1.63 million.

(ii) **With the delay in the opening of the hotels, will the group be facing difficulties in servicing the existing loans?**

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(iii) **Has the board set a limit to the group's gearing?**

(iv) The company has also entered into two loan agreements in April 2020 and in June 2020 with the controlling shareholders for a sum of $6.0 million. **Would the board be reviewing the optimal capital structure to support the group's growth?**

Q3. On 8 June 2020, the company announced the appointment of Mr Teh Chong Seng as chairman and executive director of the company. Mr Teh's profile can be found on page 4 of the annual report.

(i) **Can the company help shareholders understand its search and nomination process for the executive chairman position? Was Mr Teh Chong Seng nominated by a controlling shareholder?**

The then-board had reviewed and considered that Mr Teh possessed the requisite experience and capabilities to carry out his duties as the chairman and executive director. It was also noted that Mr Teh had no prior experience as a director of a company listed on SGX.

(ii) **Can the company/director elaborate further on the director's experience in the core business of the group?**

(iii) **Can the board help shareholders understand how it reviews and assesses a director's suitability for the office?**

(iv) **With all due respect to Mr Teh Chong Seng, did the NC consider the challenges faced by a first-time director in the chairman role of a listed company that is in transition and having its core business in a foreign market?**

^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.

^ 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)

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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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