



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Aedge Group Limited

Stock code: XVG

Meeting details:

Date: 28 October 2021

Time: 10.30 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.

Q1. As noted in the chairman's statement, despite the pandemic, the company successfully listed on the Catalist Board of the Singapore Stock Exchange on 14 December 2020. The group has grown over the past 20 years into a multi-services outfit that spans engineering, transport, security and manpower services.

- (i) **Would management help shareholders understand if there are synergies between engineering, transport and security and manpower services?**
- (ii) **How does the increase in oil prices affect the demand for the group's services in the engineering segment?**
- (iii) **What is the group's expertise/value proposition in engineered shelters, insulation, grating and shoring? Does it have any intellectual properties, trademarks or proprietary solutions or products?**
- (iv) **What was the utilisation rate of the group's fleet of buses in FY2021?** In FY2018, the utilisation rate was 82.9%, before slipping to 77.9% in FY2019. In FY2020, the utilisation rate further decreased to 67.8% due to the measures imposed by the government in response to the COVID-19 outbreak.
- (v) **What is management's strategy to deal with the manpower crunch given the uncertainties in the economy (including the pace of re-opening)?**
- (vi) In Note 28 (page 91 – Operating segments), it was shown that all three reportable segments achieved segment profits of between \$362,000 and \$719,000 and yet the group reported a consolidated loss of \$(1.10) million for the financial year ended 30 June 2021. This was due to a "segment" loss of \$(2.68) million under "Others".

28 OPERATING SEGMENTS (Cont'd)

Information about reportable segments

	Engineering services \$'000	Transportation services \$'000	Security and manpower services \$'000	Total for reportable segments \$'000	Others \$'000	Inter-segment eliminations \$'000	Total \$'000
Period ending 30 June 2021							
External revenues	6,165	5,207	6,507	17,879	-	-	17,879
Inter-segment revenue	336	15	29	380	-	(380)	-
External cost of sales	(4,745)	(5,234)	(5,904)	(15,883)	-	-	(15,883)
Inter-segment cost of sales	(352)	-	(28)	(380)	-	380	-
Finance income	-	3	9	12	-	-	12
Finance costs	(18)	(70)	(91)	(179)	-	-	(179)
Depreciation of property, plant and equipment and amortisation of intangible assets	(598)	(1,584)	(21)	(2,203)	-	-	(2,203)
Reportable segment profit before tax	362	503	719	1,584	(2,681)	(4)	(1,101)

(Source: company annual report; emphasis added)

Would the audit and risk committee (ARC) help shareholders understand if the operating segments could be better improved to reflect the financial performance of each reportable segment? Why did management record a loss of \$(2.68) million under “Others”? Would the ARC look into the allocation of the losses and revise the Note on operating segments?

Q2. The group’s executive director in charge of corporate development, Mr Foo Der Rong, was appointed to the board on 24 March 2020. Mr Foo is responsible for corporate development, mergers and acquisitions and strategic planning (page 6 of the annual report).

- (i) **Can the board/nominating committee (NC) elaborate further on the role and responsibilities, including the key deliverables and performance measures, of the executive director?**

The biography of Mr Foo Der Rong can be found on page 6 of the annual report. In addition, under the service agreement with Mr Foo Der Rong, he is entitled to a monthly salary of \$12,000 and profit sharing of up to 4% of the group’s profit before tax.

- (ii) **Can the board/NC confirm that Mr Foo Der Rong is serving as a full time executive director?** It is noted that Mr Foo also serves on three other listed companies as independent director, namely Matex International Limited, Noel Gifts International Ltd and SLB Development Ltd.
- (iii) **Would the director help shareholders understand how he is able to afford sufficient time, energy and attention to the matters of the group as an executive director given that he sits on three other listed companies?**
- (iv) **Would the director be reducing his commitment in other listed companies?**

Q3. On 5 October 2021, the company announced it was proposing to appoint Moore Stephens LLP as the auditor of the company and its subsidiaries in place of the retiring auditors, KPMG LLP due to a notice of nomination from a shareholder, Ms Fam Yien Fung, dated 5 August 2021.

- (i) **Can management clarify if there is any existing relationship between the said shareholder and the directors, management or the proposed auditors?** It is noted that the said shareholder has not been identified as a substantial shareholder (page 103) nor is in the list of top 21 shareholders (page 102 of the annual report).

- (ii) **Can the company confirm that the company's constitution allows any shareholder to give the company a notice of nomination on the appointment of the auditor?**
- (iii) **Given that KPMG has only served as the external auditors of the company since the IPO (and since 2018 for the subsidiaries), how did the ARC assess the need to change the external auditors?**
- (iv) **In particular, how is "a change of perspectives" in the best interests of the company? Would the change in the auditor after just 1 year affect the quality of the audit and cause unnecessary disruption to the audit?**
- (v) **Were other auditors considered by the ARC, other than Moore Stephens LLP?**

[^]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. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

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](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

[^] 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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