Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Alpina Holdings Limited

Stock code: ZXY

Meeting details:
Date: 27 June 2022
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. The company was successfully listed in January 2022. In March 2022, the group and Terrenus Energy were jointly awarded the 6th solar leasing tender under the Housing and Development Board's (HDB) SolarNova programme. The project, which will have a solar capacity of 70 megawatt-peak, will involve the installation of solar panels across 1,198 HDB blocks and 57 government sites and the installation of smart electrical sub-meters at HDB blocks to monitor and analyse energy consumption patterns

Revenue for the year increased by more than a third to $51.9 million, with profit totaling $9.3 million (FY2020: $5.0 million). Profit for the year was boosted by the one-time gain of $3.17 million from the disposal of its property located at 32 Woodlands Industrial Park E1.

(i) **With the group's established presence in integrated building services ("IBS"), how is the group positioning itself to capitalise on the growing demand for integrated facilities management ("IFM") services? What are the major IFM opportunities in the next 18-24 months?**

(ii) **How well equipped is the group, in terms of hardware and "software" (such as project management skills, customer service expertise, etc.), to further expand its IFM services?**

(iii) **What is the expected capital investment in technology and/or equipment?**

The company has plans to acquire a Singapore-based company with at least an FM02 (Facilities Management) Workhead registration with the BCA and Clean Mark Silver accreditations under the NEA Clean Mark Accreditation Scheme.

(iv) **How is the company carrying out its search for acquisition targets and what is the progress? Have any suitable target companies been identified?**

(v) **What guidance has the board given to management to ensure that the group carries out its acquisitions conservatively and considers structuring the deal to share the risks and rewards fairly with the vendor(s) (via earn-outs, contingent payments etc.)?**

Q2. Would the board/management provide shareholders with better clarity on the following operational matters? Specifically:

(i) **Would management be providing shareholders with an update on the current operating environment given the fluid COVID-19 situation?**

(ii) **What is the current manpower strength and what is the average manpower utilisation rate? In addition, how has management dealt with manpower shortages?**

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(iii) **Does the group have the necessary manpower and expertise to support its projects, especially the SolarNova programme which is expected to commence in the 3rd quarter of 2022?**

(iv) **Is there any impact on the group's profit margins caused by increasing manpower costs, labour shortages and rising raw material cost pressure etc. and if so, what are management's plans to minimise the impact and maintain/increase its profit margins?**

As shown in Note 8 (page 79 – Profit before income tax), wages and salaries (under staff costs) amounted to $10.88 million in FY2021. The company has also stated the following:

> "Included in the staff cost are labour costs directly associated with the generation of revenue of respectively, approximately $12,436,000 and $7,919,000 for the financial years ended 31 December 2021 and 31 December 2020 respectively."

8 PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the following charges/(credits) were included in the determination of profit before income tax:–

	Group	
	2021 $'000	2020 $'000
Audit fee paid/payable to auditor of the Company	**150**	–
Audit fee paid/payable to other auditors	**–**	60
Under provision of prior year audit fee to other auditors	**28**	–
Cost of inventories recognised as an expense	**9,417**	8,843
Depreciation of property, plant and equipment	**1,274**	1,126
Depreciation of investment property	**17**	33
Depreciation of right-of-use assets	**62**	55
Directors' remuneration other than fees:		
– Short-term benefits	**756**	881
– Defined contribution plan	**45**	45
Staff costs:		
– Wages and salaries	**10,877**	9,180
– Defined contribution plan	**526**	443
Loss allowance on trade receivables	**74**	978
Reversal of loss allowance provided for contract assets	**–**	(86)
Listing expenses	**899**	–
Write off of contract assets	**14**	–

Included in the staff cost are labour costs directly associated with the generation of revenue of respectively, approximately $12,436,000 and $7,919,000 for the financial years ended 31 December 2021 and 31 December 2020 respectively.

(Source: company annual report)

(v) **Can management help shareholders understand the difference and reconcile the $12.44 million in labour costs (as part of staff costs) and the $10.88 million in staff costs (wages and salaries)?**

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Q3. The company has outsourced its internal audit function to Baker Tilly Consultancy (Singapore) Pte. Ltd. The internal auditors completed their internal controls review during FY2021 as part of the company's preparation for the listing.

As disclosed in the offer document, the scope of work of the internal auditors included the following:

(a) control environment;
(b) sales, accounts receivables and collection;
(c) tenders;
(d) project management;
(e) procurement, accounts payables and payment;
(f) inventory management;
(g) fixed assets management;
(h) human resources and payroll management;
(i) health, safety and environmental management;
(j) information technology general controls, and
(k) cash, treasury and investment management.

The audit committee (AC) approved the internal audit report and management has adopted key recommendations as set out in the internal audit report.

(i) **What were the key findings and the key recommendations by the internal auditors and the actions taken by management to follow up on these recommendations?**

(ii) **What is the level of oversight by the AC in the monitoring of the implementation of the internal auditors' recommendations?**

^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.

^ 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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