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**Issuer:** Amos Group Limited

**Stock code:** 49B

**Meeting details:**

Date: 28 July 2023

Time: 10.00 a.m.

Venue: 156 Gul Circle Singapore 629613

**Q1.** On 6 June 2023, the company announced that it was placed on the SGX Watch-list due to the financial entry criterion with effect from 6 June 2023.

The company must take active steps to meet the requirements of Listing Rule 1314(1) within 36 months from 6 June 2023, failing which SGX-ST would delist the company or suspend trading in the company's shares with a view to delisting the company.

In FY2023, the group reported a loss before income tax of S\$(11.8) million.

- (i) **Can the board/management help shareholders better understand its strategy to restore profitability? What specific operational and financial milestones have been identified to achieve this goal?**
- (ii) **Will the board be committing itself to taking a proactive role in guiding the group towards profitability and ultimately exiting the SGX Watch-list?**
- (iii) **Has the board conducted a comprehensive assessment of the implications and impact of being placed on the SGX Watch-list, particularly regarding important aspects like securing loans, entering into contracts with customers, and negotiating credit terms with suppliers?**

**Q2.** Mr Tan Song Boon resigned as the chief executive officer (CEO) with effect from 16 November 2020, after he was redesignated from the chief financial officer position on 1 August 2019. Mr Tan Song Boon was replaced by Mr Venkatraman Sheshashayee who served as the acting CEO until 15 June 2021.

The company then appointed Mr Keith Ian Mullin to the CEO role with effect from 15 June 2021. Mr Kieth Ian Mullin was first appointed as an independent director 3 months earlier and stepped down as a director upon taking up the CEO role. Mr Keith Ian Mullin would stay in his role as CEO until 19 May 2022, and acted in an advisory capacity until 18 August 2022.

Mr Kyle Arnold Shaw Jr, the chairman of the board, took over the responsibilities of the CEO and has been serving as the acting CEO since.

- (i) **Has the board, particularly the nominating committee (NC), conducted a review to ensure sufficient stability in the senior leadership of the group, allowing for effective guidance during this challenging period and successful execution of the growth strategy?**

There were also several changes to the chief financial officer and chief operating officer roles in the past 3-4 years.

- (ii) **Will the NC conduct a review to investigate the factors contributing to the relatively high rate of attrition and short tenures in the senior management team, including an assessment of the group's culture, HR practices, and recruitment processes?**

As noted in the corporate governance report, the company has deviated from Provision 3.1 of the Code of corporate governance 2018 as Mr Kyle Arnold Shaw Jr serves as both the chairman of the board and the (acting) CEO. The company stated that it is still the process of identifying a suitable candidate for CEO position.

- (iii) **Can the NC provide additional details on the desired profile and qualifications for the CEO position?**
- (iv) **What progress has been made in the search for a suitable candidate to fill the CEO position, considering that it has been over a year since the former CEO left his role in May 2022?**

**Q3.** The group's current liabilities increased by 30% or \$9.8 million to \$42.8 million as at 31 March 2023 due to the reclassification of a non-current loan of \$10.4 million to current liabilities due to a technical breach of a specific loan covenant.

The loan has a maturity date in November 2029, and, in management's view, the loan will not be recalled by the bank despite the technical breach of a specific loan covenant. Securities for the loan include legal mortgage over the group's and company's property, plant and equipment and a corporate guarantee by the company.

- (i) **What is the specific loan covenant in question?**
- (ii) **Has management obtained a waiver from the bank regarding the breach of the loan covenant, and if not, what steps are being taken to rectify the situation?**
- (iii) **How did management assess that the bank will not demand immediate repayment of the loan despite the breach of the covenant? What measures are in place to mitigate the potential risk of default and cross defaults on other bank facilities?**
- (iv) **What guidance and recommendations has the audit committee provided to management in addressing the issue of the technical breach of the specific loan covenant and ensuring compliance with financial obligations?**

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

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